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California Gas and Electric Corporation

TO

Union Trust Company of San Francisco

TRUSTEE

UNIFYING AND REFUNDING MORTGAGE

Dated November 1, 1907,

Securing

UNIFYING AND REFUNDING MORTGAGE FIVE PER CENT.

THIRTY-YEAR GOLD BONDS.

California Gas and Electric Corporation

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THIRTY-YEAR GOLD BONDS.

An Indenture dated this first day of November, one thousand nine hundred and seven, by and between California Gas and Electric Corporation, a corporation organized and existing under and by virtue of the laws of the State of California, and having its office and principal place of business in the City and County of San Francisco, in said State (hereinafter called the "California Corporation"), party of the first part, and Union Trust Company of San Francisco, a corporation organized and existing under and by virtue of the laws of the State of California and having its office and principal place of business in the City and County of San Francisco, in said State (hereinafter called the "Trustee"), party of the second part.

Whereas the California Corporation has succeeded to all of the property, rights, and franchises formerly owned by Oakland Gas, Light and Heat Company, Oakland Equitable Gas Company, Yuba Electric Power Company, Nevada County Electric Power Company, Bay Counties Power Company, Valley Counties Power Company, Stockton Water Company, Blue Lakes Water Company, The Standard Electric Company of California, Berkeley Electric Lighting Company, United Gas and Electric Company, and San Mateo Power Company; also all property, rights, and franchises formerly owned by the Sacramento Electric, Gas and Railway Company and

the Central Electric Railway Company (except street railway properties and properties and franchises appurtenant to such street railways), all of said corporations being corporations organized under the laws of the State of California; and the California Corporation has acquired and now owns or controls all or substantially all of the capital stock of the above-named corporations and also of the South Yuba Water Company, a corporation organized under the laws of the State of New York, and of the Central California Electric Company, a corporation organized under the laws of the State of New Jersey; and

WHEREAS, said Oakland Gas, Light and Heat Company, prior to the acquisition of its properties by the California Corporation and on or about the 16th day of March, 1891, did execute and deliver to the California Safe Deposit and Trust Company, as trustee, its First Mortgage bearing that date, to secure the payment of its bonds to the amount of $1,000,000, such bonds bearing interest at the rate of five per cent. per annum and maturing on the 16th day of March, 1916, all of which bonds have been issued and are still outstanding; and

WHEREAS, said Yuba Electric Power Company, prior to the acquisition of its properties by the California Corporation as aforesaid and on or about the 1st day of June, 1899, did execute and deliver to the Mercantile Trust Company of San Francisco, as trustee, its First Mortgage bearing that date, to secure the payment of its bonds to the amount of $1,000,000, such bonds bearing

six per cent. interest and maturing June 1, 1929, of which bonds to the amount of $186,000 have been issued and are still outstanding; and

WHEREAS said Nevada County Electric Power Company, prior to the acquisition of its properties by the California Corporation as aforesaid and on or about the first day of October, 1898, did execute and deliver to the Union Trust Company of San Francisco, as trustee, its First Mortgage bearing that date to secure the payment of its bonds to the amount of $300,000, such bonds bearing six per cent. interest and maturing October 1, 1928, of which bonds to the amount of $171,000 have been issued and are still outstanding; and

WHEREAS said Bay Counties Power Company, prior to the acquisition of its properties by the California Corporation as aforesaid and on or about the first day of September, 1900, did execute and deliver to the Mercantile Trust Company of San Francisco, as trustee, its First Consolidated Mortgage, bearing that date, to secure the payment of its First Consolidated Mortgage Five Per Cent. Sinking Fund Thirty-Year Gold Bonds to the amount of $2,250,000, maturing September 1, 1930, of which bonds to the amount of $1,848,000 have been issued and are still outstanding, and bonds to the amount of $357,000 are reserved for the retirement of said outstanding bonds of the Yuba Electric Power Company and the Nevada County Electric Power Company, and

WHEREAS said First Consolidated Mortgage of the Bay Counties Power Company provides for the creation and

maintenance of a sinking fund for the redemption of the bonds issued under said First Consolidated Mortgage by the payment to the trustee thereunder of the following sums at the times and in the manner following:

Commencing with the year 1905, and on the first day of June of that year and on the first day of June of each year thereafter for and during the next ensuing and succeeding four years, a sum equal to one per cent. of the aggregate amount of the bonds then issued and outstanding; and commencing with the year 1910, and on the first day of June of that year and on the first day of June of each year thereafter for and during the next ensuing and succeeding four years, a sum equal to one and a half per cent. of the aggregate amount of the bonds then issued and outstanding; and commencing with the year 1915, and on the first day of June of that year and on the first day of June of each year thereafter for and during the next ensuing and succeeding four years, a sum equal to two per cent. of the aggregate amount of the bonds then issued and outstanding; and commencing with the year 1920, and on the first day of June of that year and on the first day of June of each year thereafter for and during the next ensuing and succeeding four years, a sum equal to two and a half per cent. of the aggregate amount of the bonds then issued and outstanding; and commencing with the year 1925, and on the first day of June of that year and on the first day of June of each year thereafter for and during the next ensuing and succeeding four years, a sum equal to three per cent. of the aggregate amount of the bonds then issued and outstanding; and

WHEREAS said Bay Counties Power Company, prior to the acquisition of its properties by the California Corporation as aforesaid and on or about the first day of April, 1901, did execute and deliver to the Union Trust Company of San Francisco, as trustee, its Second Mort-

gage, bearing that date, to secure the payment of its Second Mortgage Gold Bonds to the amount of $750,000, bearing six per cent. interest and maturing April 1st, 1931, subject, however, to the right of the Bay Counties Power Company or its successors to redeem said bonds at any time prior to their maturity, upon notice given as provided in said mortgage, at one hundred and five per cent. of the face value thereof and accrued interest, all of which Second Mortgage Bonds have been issued and are still outstanding; and

WHEREAS said Valley Counties Power Company, prior to the acquisition of its properties by the California Corporation as aforesaid and on or about the first day of May, 1902, did execute and deliver to the Mercantile Trust Company of San Francisco, as trustee, its First Mortgage, bearing that date, to secure the payment of its First Mortgage Five Per Cent. Sinking Fund Twenty-eight Year Gold Bonds to the amount of $2,500,000, maturing May 1, 1930, all of which bonds have been issued and are still outstanding; and

WHEREAS said First Mortgage of the Valley Counties Power Company provides for the creation and maintenance of a sinking fund to be applied to the redemption of bonds issued under said First Mortgage by the payment to the trustee thereunder of the following sums at the times and in the manner following, to wit:

Commencing with the year 1905, and on the first day of November of that year and on the first day of November in each year thereafter for and during the next

ensuing and succeeding four years, a sum equal to one per cent. of the aggregate amount of bonds then issued and outstanding; and commencing with the year 1910, and on the first day of November of that year and on the first day of November in each year thereafter for and during the next ensuing and succeeding four years, a sum equal to one and a half per cent. of the aggregate amount of the bonds then issued and outstanding; and commencing with the year 1915, and on the first day of November of that year and on the first day of November in each year thereafter for and during the next ensuing and succeeding four years, a sum equal to two per cent. of the aggregate amount of the bonds then issued and outstanding; and commencing with the year 1920, and on the first day of November of that year and on the first day of November in each year thereafter for and during the next ensuing and succeeding four years, a sum equal to two and a half per cent. of the aggregate amount of the bonds then issued and outstanding; and commencing with the year 1925, and on the first day of November of that year and on the first day of November in each year thereafter for and during the next ensuing and succeeding four years, a sum equal to three per cent. of the aggregate amount of the bonds then issued and outstanding; and

WHEREAS the said Stockton Water Company, prior to the acquisition of its properties by the California Corporation as aforesaid and on or about the first day of April, 1891, did execute and deliver to the Illinois Trust and Savings Bank, as trustee, its First Mortgage bearing that date, to secure the payment of its bonds to the amount of $500,000, such bonds bearing six per cent. interest and maturing April 1, 1911, of which bonds to the amount of $297,000 have been issued and are still outstanding, subject, however, to the right of the Stock-

ton Water Company or its assigns absolutely or by the operation of the sinking fund hereafter mentioned to redeem and pay said bonds in consecutive order by number, beginning with Number 1, at one hundred and five per cent. of their face value and accrued interest; and

WHEREAS said First Mortgage of the Stockton Water Company provides for the maintenance of a sinking fund by payment in each year to the trustee thereunder of a sum equal to fifteen per cent. per annum of the gross water rates received by said Stockton Water Company, such payment to be made in instalments on the 1st days of April and October in each year and such sinking fund to be applied to the purchase and cancellation of bonds issued under said First Mortgage in the manner therein provided; and

WHEREAS said Blue Lakes Water Company, prior to the acquisition of its properties by the California Corporation as aforesaid, and on or about the 15th day of March, 1893, did execute and deliver to the California Safe Deposit and Trust Company, as trustee, its First Mortgage, bearing that date, to secure the payment of its First Mortgage Gold Bonds to the amount of $5,000,000, such bonds to bear interest at the rate of six per cent. per annum and to mature March 15, 1938, of which bonds to the amount of $725,000 have been issued and are still outstanding; and

WHEREAS said The Standard Electric Company of California, prior to the acquisition of its properties by the California Corporation as aforesaid, and on or about

the first day of September, 1899, did execute and deliver to the Mercantile Trust Company, a New York corporation, as trustee, its First Mortgage bearing that date, to secure the payment of its First Mortgage Gold Bonds to the amount of $5,000,000, bearing five per cent. interest and maturing September 1, 1939, all of which bonds have been issued and are still outstanding; and

WHEREAS said United Gas and Electric Company, prior to the acquisition of its properties by the California Corporation as aforesaid, and on or about the first day of July, 1902, did execute and deliver to the Mercantile Trust Company of San Francisco as trustee its First Mortgage bearing that date, to secure the payment of its First Mortgage Bonds to the amount of $2,000,000, such bonds bearing interest at the rate of five per cent. per annum and maturing July 1st, 1932, all of which bonds have been issued and are still outstanding; and

WHEREAS said First Mortgage of the United Gas and Electric Company provides for the creation and maintenance of a sinking fund to be applied to the redemption and payment of bonds issued under said First Mortgage as follows:

Commencing with the year 1907, and on the first day of July of that year, and on the first day of July in each year thereafter for and during the next ensuing and succeeding five years, there shall be set apart from the net income received by said company (United Gas and Electric Company) during the next preceding twelve months a sum equal to two per centum on the aggregate amount of the bonds then issued and outstanding;

and commencing with the year 1912, and on the first day of July of that year, and on the first day of July in each year thereafter for and during the next ensuing and succeeding five years, there shall be set apart from the net income received by said company during the next preceding twelve months a sum equal to three per centum of the aggregate amount of the bonds then issued and outstanding; and commencing with the year 1917, and on the first day of July of that year, and on the first day of July in each year thereafter for and during the next ensuing and succeeding five years there shall be set apart from the net income received by said company a sum equal to four per centum of the aggregate amount of the bonds then issued and outstanding; and commencing with the year 1922, and on the first day of July of that year, and on the first day of July in each year thereafter for and during the next ensuing and succeeding five years, there shall be set apart from the income received by said company a sum equal to five per centum of the aggregate amount of the bonds then issued and outstanding; and commencing with the year 1927, and on the first day of July of that year, and on the first day of July in each year thereafter and for and during the next ensuing and succeeding five years, there shall be set aside from the net income received by said company during the preceding twelve months a sum of money equal to six per centum of the aggregate amount of the bonds then issued and outstanding; and if in any period of twelve months above mentioned the net income shall be less than the per centum of the aggregate amount of bonds then issued and outstanding so made payable into said sinking fund, then the whole net income, if any, for such twelve months shall be paid into said sinking fund as fast as there shall be in any such period of twelve months a surplus of net income over and above such sinking fund requirements; and

Whereas said Central Electric Railway Company, on or about the first day of June, 1892, did execute and de-

liver to the California Safe Deposit and Trust Company, as trustee, its First Mortgage bearing that date to secure the payment of its First Mortgage Gold Bonds to the amount of $400,000, such bonds bearing interest at the rate of six per cent. per annum, twenty-five of such bonds of the denomination of one thousand dollars each, maturing on the first day of June in each year from 1912 to 1917, both inclusive, and fifty of such bonds of the denomination of five hundred dollars each, maturing on the first day of June in the year 1918 and in the year 1919, and twenty-five of such bonds of the denomination of one thousand dollars each, maturing on the first day of June, 1920, and twenty-five of such bonds of the denomination of one thousand dollars each, maturing on the first day of June, 1921, and the balance of such bonds maturing on the first day of June, 1922, of which First Mortgage bonds of the Central Electric Railway Company bonds to the amount of $265,000 have been issued and are still outstanding; and

WHEREAS, the said First Mortgage of the Central Electric Railway Company provides that if any of the bonds secured thereby in excess of the amount of $250,000 shall be certified and delivered on or prior to June 1, 1912, the company will pay to and deposit with the trustee under said mortgage, on the first day of June, 1912, and on the first day of June in each year thereafter for, during, and until the first day of June, 1922, an amount in cash which shall be equal to six per cent. of the par value of all bonds so certified and delivered in excess of $250,000 thereof and which shall be outstanding and uncancelled on each of said first days of

June respectively; and the amounts so paid to the trustee under said mortgage from time to time are to be held as a sinking fund to be applied to the redemption of bonds at such price not exceeding five per cent. in excess of the par value thereof as the Central Electric Railway Company may direct; and

WHEREAS, said Sacramento Electric, Gas and Railway Company on or about the first day of November, 1897, did execute and deliver to the California Safe Deposit and Trust Company, as trustee, its First Mortgage, bearing that date, to secure the payment of its Five Per Cent. First Mortgage Gold Bonds to the amount of $2,500,000, maturing November 1, 1927, of which bonds to the amount of $2,210,000 have been issued and are still outstanding and bonds to the amount of $265,000 are reserved thereunder for the purpose of retiring the said bonds of the Central Electric Railway Company; and

WHEREAS, said First Mortgage of the Sacramento Electric, Gas and Railway Company provides that the company shall pay off and cancel, in the manner provided in said mortgage at the rate of 103 per cent. of their face value and accrued interest, the following bonds in each of the following years, each of such years commencing November 1st, viz.:

In each of the years 1902 to 1906, inclusive, 5 bonds each year; in each of the years 1907 to 1911, inclusive, 10 bonds each year; in each of the years 1912 to 1916, inclusive, 20 bonds each year; in each of the years 1917 to 1921, inclusive, 30 bonds each year; in each of the years 1922 to 1926, inclusive, 40 bonds each year.

And it is further provided in said First Mortgage of the Sacramento Electric, Gas and Railway Company, that in so far as such Company shall not in each year beginning November 1, 1901, purchase and cause to be cancelled bonds sufficient to satisfy the requirements aforesaid, such Company shall pay to the trustee, under its said First Mortgage, an amount sufficient to call (including the cost of advertising therefor) and redeem at the specified premium and accrued interest, the amount of bonds above required to be paid off and cancelled, during the year in question, such sums to be applied by said trustee to the redemption of the bonds issued under said First Mortgage; and

WHEREAS the said South Yuba Water Company (then bearing the name of South Yuba Water and Mining Company) on or about the 1st day of April, 1890, did execute and deliver to the Holland Trust Company, as trustee, its First Mortgage bearing that date, to secure the payment of its First Mortgage Bonds to the amount of $550,000, bearing six per cent. interest and maturing April 1, 1910, subject to the right of the South Yuba Water Company to redeem such bonds as provided in the mortgage, at 110 per cent. of their face value and the interest accrued thereon, at any time prior to their maturity, of which bonds to the amount of $327,000 have been issued and are still outstanding; and

WHEREAS said First Mortgage of the South Yuba Water and Mining Company provides for the creation and maintenance of a sinking fund, to be applied to the payment of bonds thereby secured at or before their maturity, which sinking fund shall be accumulative and

shall commence on the first day of April, 1890, and shall consist of and be maintained by a payment in each year from said date of a sum of money equal to two per centum per annum upon the total issue of said bonds, such sums to be payable in equal semi-annual installments on the first days of October and April in each year; and

WHEREAS said South Yuba Water Company on or about the first day of July, 1893, did execute and deliver to the Farmers' Loan and Trust Company, as trustee, its Consolidated Mortgage, bearing that date, to secure the payment of its Consolidated Mortgage Bonds to the amount of $1,500,000, bearing six per cent. interest and maturing July 1, 1923, subject to the right of the South Yuba Water Company to redeem the same at any time prior to maturity, on the payment of 110 per cent. of their face value and accrued interest, of which bonds to the amount of $1,173,000 have been issued and are still outstanding and bonds to the amount of $339,000 are reserved for the purpose of being sold or exchanged to retire the said $327,000 of the First Mortgage Bonds of said South Yuba Water and Mining Company; and

WHEREAS said Central California Electric Company on or about the first day of May, 1903, did execute and deliver to the Van Norden Trust Company, as trustee, its First Mortgage, bearing that date, to secure its Five Per Cent. Thirty-Year Gold Bonds to the amount of $5,000,000, such bonds bearing interest at the rate of five per cent. per annum and maturing May 1, 1933, subject to the right of the company to redeem the same

at any time prior to maturity, on payment of 110 per cent. of their face value and accrued interest, of which bonds to the amount of $850,000 have been issued and are still outstanding; and

WHEREAS the said Berkeley Electric Lighting Company, prior to the acquisition of its properties by the California Corporation as aforesaid and on or about the first day of July, 1896, did execute and deliver its First Mortgage, bearing that date, to the California Safe Deposit and Trust Company, as trustee, to secure its bonds to the amount of $30,000, bearing six per cent. interest and maturing on the first day of July, 1921, of which bonds to the amount of $26,000 have been issued and are still outstanding; and

WHEREAS the Pacific Gas and Electric Company, a corporation organized under the laws of California, hereinafter sometimes called the "Pacific Company", has succeeded to all the property rights and franchises formerly owned by California Central Gas and Electric Company, and said California Central Gas and Electric Company, prior to the acquisition of its property by the Pacific Gas and Electric Company and on or about the 1st day of August, 1901, did execute and deliver to the Mercantile Trust Company of San Francisco, as trustee, its First Mortgage, bearing that date, to secure its First Mortgage Five Per Cent. Sinking Fund Thirty-Year Gold Bonds to the amount of One Million Dollars ($1,000,000), all of which bonds have been issued and are still outstanding, and the properties subject to the

said First Mortgage of the California Central Gas and Electric Company, together with certain other properties owned by the Pacific Company, are to be mortgaged to secure the bonds issued under this indenture by the Supplementary Mortgage of the Pacific Gas and Electric Company hereinafter mentioned; and

WHEREAS said mortgage of the California Central Gas and Electric Company provides for the creation and maintenance of a sinking fund, to be applied to the redemption of bonds issued thereunder, by payments to the trustee under said mortgage, at the times and in the manner following, to wit: Commencing with the year 1902, and on the first day of August of that year, and on the first day of August in each year thereafter for and during the next ensuing and succeeding twenty-nine years, a sum equal to two per cent. of the aggregate amount of the bonds issued and outstanding; and

WHEREAS the California Corporation on or about the first day of March, 1903, did execute and deliver to the Mercantile Trust Company of San Francisco, as trustee, its General and Collateral Trust Mortgage, bearing that date, to secure the payment of its General and Collateral Trust Mortgage Five Per Cent. Mortgage Bonds to the amount of $10,000,000, maturing March 1, 1933, subject to the right of the California Corporation to redeem said bonds at any time prior to their maturity on payment of 110 per cent. of their face value with the interest then accrued thereon, all of which bonds have been issued and are still outstanding; and

WHEREAS, the said General and Collateral Trust Mortgage of the California Corporation provides for the creation and maintenance of a sinking fund, to be applied to the redemption of bonds issued under said mortgage, and also to the redemption of the said bonds of the Bay Counties Power Company, Valley Counties Power Company, California Central Gas and Electric Company, Oakland Gas, Light and Heat Company, Sacramento Electric, Gas and Railway Company and the bonds of the Fresno Gas and Electric Light Company (which have all been retired), said sinking fund to be provided by payments to be made by the California Corporation to the Trustee as follows:

Commencing with the year 1904, and on the first day of March of that year, and on the first day of March in each year thereafter for and during the next ensuing and succeeding four years, the sum of $150,000; and commencing with the year 1909, and on the first day of March of that year, and on the first day of March in each year thereafter for and during the next ensuing and succeeding four years, the sum of $200,000; and commencing with the year 1914, and on the first day of March of that year, and on the first day of March in each year thereafter for and during the next ensuing and succeeding four years, the sum of $250,000; and commencing with the year 1919, and on the first day of March of that year, and on the first day of March in each year thereafter for and during the next ensuing and succeeding four years, the sum of $300,000; and commencing with the year 1924, and on the first day of March of that year, and on the first day of March in each year thereafter for and during the next ensuing and succeeding four years, the sum of $350,000; and commencing with the year 1929, and on the first day of

March of that year, and on the first day of March in each year thereafter for and during the next ensuing and succeeding four years, the sum of $400,000;

and it was further expressly provided in said General and Collateral Trust Mortgage of the California Corporation that said sinking fund shall in each year be applied by the Trustee under said General and Collateral Trust Mortgage to the redemption of the bonds of the said Bay Counties Power Company, Valley Counties Power Company, California Central Gas and Electric Company, Oakland Gas, Light and Heat Company, Sacramento Electric, Gas and Railway Company, and Fresno Gas and Electric Light Company, as provided in the various trust deeds and mortgages securing their payment, before any of said sinking fund shall be applied to the redemption of bonds issued under said General and Collateral Trust Mortgage, and the trustee under such last-mentioned mortgage is authorized to apply said sinking fund to the redemption of the bonds of said above-mentioned companies and to make the necessary payments out of said sinking funds to the various trustees mentioned in the respective mortgages securing such bonds, and that all moneys not so applied shall be invested by such trustee in the purchase of the said bonds of such companies, and in the bonds issued under said General and Collateral Trust Mortgage; and

WHEREAS the California Corporation has incurred and has now outstanding a considerable floating debt, and has authorized and contracted for the making of certain

additional extensions, betterments, and improvements to its plants and properties, and will require from time to time in the future other extensions, betterments, and new property in order to enable it to meet the demands of its business; and

WHEREAS the California Corporation desires to make provision for the paying, refunding, redeeming, and retiring of all the bonds aforesaid, and for the payment of a considerable portion of its said floating debt, and for the payment of the cost of all betterments, extensions, and new property, heretofore authorized and contracted for, and such additional betterments, extensions, and new property, as may be required from time to time in the future for the purposes of its business, by the increase of its bonded indebtedness and the issue of its bonds as hereinafter mentioned; and

WHEREAS, by vote of the stockholders representing more than two-thirds of the issued and subscribed capital stock of the California Corporation at a meeting duly called and held for that purpose, pursuant to due notice, an increase of the bonded indebtedness of the California Corporation to $45,000,000 was authorized and directed, and the issue of its Unifying and Refunding Mortgage Five Per Cent. Thirty-Year Gold Bonds and the execution of a mortgage to secure the same were duly authorized, ordered and approved, and a certificate in respect to the increase of such bonded indebtedness of the California Corporation has been duly filed, as required by law, in the office of the clerk of the city and county where

the original articles of incorporation of the California Corporation are filed—to wit, in the office of the Clerk of the City and County of San Francisco, State of California—and a certified copy of said certificate has been duly filed in the office of the Secretary of State of the State of California; and

WHEREAS the Board of Directors of the California Corporation did duly authorize the issue, under the regulations and restrictions mentioned herein, of bonds of the California Corporation to be known as its Unifying and Refunding Mortgage Five Per Cent. Thirty-Year Gold Bonds, the coupon bonds to be dated as of November 1, 1907, and all of the bonds to mature on November 1, 1937, such bonds to bear interest at the rate of five per cent. per annum from November 1, 1907, payable semi-annually on the first days of May and November in each year, both principal and interest payable in gold coin of the United States of or equal to the present standard of weight and fineness, the aggregate principal amount of said bonds at any one time outstanding not to exceed $45,000,000, and all of said bonds to be issued under and equally secured by a mortgage of the corporate property and franchises, to said Union Trust Company of San Francisco, as trustee, to be dated November 1, 1907, and to be known as the Unifying and Refunding Mortgage of the California Corporation; and

WHEREAS, subsequently, at a meeting of the stockholders of the California Corporation duly called and held, at which meeting the holders of more than two-

thirds of the capital stock of the California Corporation were present and participated in the proceedings, said action of the board of directors was in all respects ratified, approved and confirmed and adopted, as the action of the stockholders of said company and all the acts and proceedings had and taken in the matter of the increase of said bonded indebtedness were unanimously ratified. approved and confirmed; and

WHEREAS, at meetings of the board of directors and of the stockholders of the California Corporation duly called and held, a mortgage in the form of this Indenture was submitted and by unanimous concurrence approved, and its execution and delivery by the proper officers of the California Corporation were by unanimous concurrence duly authorized and directed; and

WHEREAS the said Pacific Gas and Electric Company, which is the owner of substantially all of the capital stock of the California Corporation, by proper action of its directors and stockholders has authorized and is about to execute to the Union Trust Company of San Francisco as trustee, its mortgage (herein called "Supplementary Mortgage") bearing even date with this indenture to secure payment of the bonds issued under this indenture; and

WHEREAS, the forms so approved by said stockholders and board of directors of the California Corporation of the coupon bonds and of the coupons to be attached thereto, and of the registered bonds, and of the Trustee's

certificate, severally and respectively, are substantially as follows, to wit:

[FORM OF COUPON BOND.]

No. ..... $1,000.

UNITED STATES OF AMERICA.

CALIFORNIA GAS AND ELECTRIC CORPORATION.

UNIFYING AND REFUNDING MORTGAGE FIVE PER CENT. THIRTY-YEAR GOLD BOND.

California Gas and Electric Corporation, a corporation organized and existing under the laws of California (hereinafter called the "California Corporation"), for value received, promises to pay to bearer, or, if registered, to the registered holder of this bond, on the first day of November, one thousand nine hundred and thirty-seven, at the office of the California Corporation, in the City and County of San Francisco, California, one thousand dollars gold coin of the United States of America, of or equal to the present standard of weight and fineness, and to pay interest thereon from the date hereof, until paid, at the rate of five per cent. per annum, such interest being payable semi-annually in like gold coin, either at the office of the California Corporation, in San Francisco, California, or at the office or agency of the California Corporation in the City of New York, N. Y., as the coupon holder may elect, on the first days

of May and November in each year, but only upon presentation and surrender as they severally mature of the interest coupons hereto annexed.

In case default shall be made in the payment of any semi-annual instalment of interest on this bond when the same shall become due, and such instalment shall remain unpaid for six months, the principal of this bond may become due and payable in the manner provided in the Unifying and Refunding Mortgage hereinafter mentioned.

The California Corporation agrees (in so far as it lawfully may do so) that it will pay both the principal and interest of this bond, without deduction for any tax or other charge which the California Corporation may be required or permitted to pay thereon, or to retain therefrom, under any present or future law of the United States, or of any State, County, Municipality, or other governmental subdivision.

This bond is one of a duly authorized issue of coupon and registered bonds of the California Corporation known as its "Unifying and Refunding Mortgage Five Per Cent. Thirty-Year Gold Bonds", the aggregate amount whereof is limited to the principal sum of forty-five million dollars at any one time outstanding, all of which bonds have been issued, or are to be issued pursuant to, and are to be secured ratably by, the Unifying and Refunding Mortgage of the California Corporation, dated November 1, 1907, and duly executed by the California Corporation to the Union Trust Company of San Francisco, as trustee, and by a mortgage supplementary

to such Unifying and Refunding Mortgage, dated November 1, 1907, and executed by Pacific Gas and Electric Company to said Union Trust Company of San Francisco, as trustee, to which mortgages reference is hereby made for a statement of the property, rights and franchises mortgaged and pledged, the nature and extent of the security, the rights of the holders of said bonds under the same, the terms and conditions upon which said bonds are and are to be issued and secured, and as well for the other provisions thereof. All rights of action and as well all other rights of the holder hereof are subject to the provisions of said mortgages.

The entire issue of bonds of which this bond is one (but not, except in case of redemption for the benefit of the sinking fund, any part less than all thereof) may be redeemed by the California Corporation at one hundred and ten per centum of the principal amount thereof and the interest accrued thereon, upon any semi-annual interest day, in the manner and upon the notice provided in said Unifying and Refunding Mortgage.

A sinking fund has been provided for in said Unifying and Refunding Mortgage, as further security for the said issue of bonds, and this bond may be redeemed by the California Corporation for the benefit of said sinking fund at the rate of one hundred and ten per centum of the principal amount thereof, in addition to the accrued interest thereon, in the manner and upon the notice provided in said Unifying and Refunding Mortgage.

This bond shall pass by delivery, unless registered in the owner's name on the books of the California Corporation kept for that purpose at its office in the City of San Francisco, or agency in the City of New York, such registry being noted by written indorsement made hereon by the Bond Registrar of the California Corporation. After such registration, and until transferred to bearer, no transfer shall be valid unless made on such books of registry and noted hereon.

Neither this bond nor any interest coupon appertaining thereto, shall become valid or obligatory for any purpose, until and unless the same shall have been authenticated by the certificate, hereon endorsed, of the Trustee under said Unifying and Refunding Mortgage.

No recourse shall be had for the payment of any part of the principal of or interest upon this bond against any incorporator, or any past, present or future stockholder of the California Corporation, either directly or through the California Corporation, by virtue of any constitution, statute or rule of law, or by enforcement of any assessment, or otherwise, or against any officer or director of the California Corporation, whenever he may act or have acted as such, by reason of any matter prior to the date hereof or by reason of any other matter except his own wrongdoing, all such liability being by the acceptance hereof and as a part of the consideration for the issue hereof expressly released.

In witness whereof the California Gas and Electric Corporation has caused these presents to be signed by its president, or its vice-president, and by its secretary

or assistant secretary, and its corporate seal to be hereunto affixed, and coupons for said interest with the engraved signature of its treasurer to be attached hereto, as of the first day of November, 1907.

CALIFORNIA GAS AND ELECTRIC CORPORATION,

By

President.

Attest:

Secretary.

[FORM OF COUPON.]

Coupon No..... $25.

On the first day of , the California Gas and Electric Corporation will pay to the bearer, at its office or agency in the City and County of San Francisco, State of California, or at its office or agency in the City of New York, State of New York, as the bearer may elect, Twenty-five Dollars in United States Gold Coin, being six months' interest then due on its Unifying and Refunding Mortgage Five Per Cent. Thirty-Year Gold Bond numbered , unless said bond shall have been previously redeemed as provided in said Unifying and Refunding Mortgage.

Treasurer.

[FORM OF REGISTERED BOND.]

No. ..... $

UNITED STATES OF AMERICA.

CALIFORNIA GAS AND ELECTRIC CORPORATION.

UNIFYING AND REFUNDING MORTGAGE FIVE PER CENT. THIRTY-YEAR GOLD BOND.

California Gas and Electric Corporation, a corporation organized and existing under the laws of the State of California (hereinafter called the California Corporation), for value received, promises to pay to or registered assigns, on the first day of November, one thousand nine hundred and thirty-seven, at the office or agency of the California Corporation, in the City and County of San Francisco, California, dollars gold coin of the United States of America of or equal to the present standard of weight and fineness, and to pay interest thereon at the rate of five per cent. per annum from the first day of November or May, as the case may be, next preceding the date of this bond, until this bond is paid, such interest being payable semi-annually in like gold coin either at the said office or agency of the California Corporation in San Francisco, California, or at the office or agency of the California Corporation, in the City of New York, N. Y., as the

registered holder may elect, on the first days of May and November in each year.

In case default shall be made in the payment of any semi-annual instalment of interest on this bond when the same shall become due, and such instalment shall remain unpaid for six months, the principal of this bond may become due and payable in the manner provided in the Unifying and Refunding Mortgage hereinafter mentioned.

The California Corporation agrees (in so far as it lawfully may do so) that it will pay both the principal and interest of this bond without deduction for any tax or other charge which the California Corporation may be required or permitted to pay thereon, or to retain therefrom, under any present or future law of the United States, or of any State, County, Municipality or other governmental subdivision.

This bond is one of a duly authorized issue of coupon and registered bonds of the California Corporation known as its "Unifying and Refunding Mortgage Five Per Cent. Thirty-Year Gold Bonds", the aggregate amount whereof is limited to the principal sum of forty-five million dollars at any one time outstanding, all of which bonds have been issued or are to be issued pursuant to, and are to be secured ratably by, the Unifying and Refunding Mortgage of the California Corporation, dated November 1, 1907, and duly executed by the California Corporation to the Union Trust Company of San Francisco, as trustee, and by a mortgage supplementary to such Unifying and Refunding Mortgage, dated No-

vember 1, 1907, and executed by Pacific Gas and Electric Company to said Union Trust Company of San Francisco, as trustee, to which mortgages reference is hereby made for a statement of the property, rights and franchises mortgaged and pledged, the nature and extent of the security, the rights of the holders of said bonds under the same, the terms and conditions upon which said bonds are and are to be, issued and secured, and as well for the other provisions thereof. All rights of action and as well all other rights of the holder hereof, are subject to the provisions of said mortgages.

The entire issue of bonds of which this bond is one (but not, except in case of redemption for the benefit of the sinking fund, any part less than all thereof) may be redeemed by the California Corporation at one hundred and ten per centum of the principal amount thereof and the interest accrued thereon, upon any semi-annual interest day, in the manner and upon the notice provided in said Unifying and Refunding Mortgage.

A sinking fund has been provided for in said Unifying and Refunding Mortgage, as further security for the said issue of bonds, and this bond may be redeemed by the California Corporation for the benefit of said sinking fund, at the rate of one hundred and ten per centum of the principal amount thereof, in addition to the accrued interest thereon, in the manner and upon the notice provided in said Unifying and Refunding Mortgage.

This bond is transferable by the registered holder thereof, in person or by attorney duly authorized, on

the books of the California Corporation kept for that purpose at its office in the City and County of San Francisco, California, or agency in the City of New York, upon the surrender and cancellation of this bond; and thereupon a new registered bond will be issued to the transferee in exchange herefor; or the registered holder of this bond, at his option may surrender the same for cancellation in exchange for a like amount of the principal thereof in coupon bonds of the denomination of $1,000, with coupons attached maturing on and after the next ensuing interest due day; all as provided in said Unifying and Refunding Mortgage, and on payment, if the California Corporation shall so require, of the transfer fee therein provided for.

This bond shall not become valid or obligatory for any purpose until and unless it shall have been authenticated by the certificate, hereon endorsed, of the Trustee under said Unifying and Refunding Mortgage.

No recourse shall be had for the payment of any part of the principal of or interest upon this bond against any incorporator or any past, present or future stockholder of the California Corporation, either directly or through the California Corporation, by virtue of any constitution, statute, or rule of law, or by enforcement of any assessment, or otherwise, or against any officer or director of the California Corporation, whenever he may act or have acted as such, by reason of any matter prior to the date hereof or by reason of any other matter except his own wrongdoing, all such liability being

by the acceptance hereof and as a part of the consideration for the issue hereof expressly released.

In witness whereof the California Gas and Electric Corporation has caused these presents to be signed by its president, or its vice-president, and by its secretary, or assistant secretary, and its corporate seal to be hereunto affixed, this day of , 19 .

CALIFORNIA GAS AND ELECTRIC CORPORATION,

By

President.

Attest:

Secretary.

[FORM OF TRUSTEE'S CERTIFICATE.]

It is hereby certified that this bond is one of the series of bonds described in the within-mentioned Unifying and Refunding Mortgage.

UNION TRUST COMPANY OF SAN FRANCISCO,

Trustee,

By

Secretary.

AND WHEREAS, in pursuance of such authority and of all and every legal power and authority in it vested, the California Corporation proposes to make and execute, and from time to time hereafter to issue and to deliver, bonds hereby secured:

NOW THEREFORE THIS INDENTURE WITNESSETH:

That, in order to secure the payment of the principal of and interest upon all such bonds at any time issued and outstanding under this indenture, according to their tenor and effect, and to secure the performance of all the covenants and conditions herein contained, and to declare the terms and conditions upon which such bonds are and shall be issued and held, the California Gas and Electric Corporation, party of the first part, in consideration of the premises and of the purchase and acceptance of such bonds by the holders thereof, has granted, bargained, sold, aliened, remised, released, conveyed, confirmed, assigned, transferred, pledged, and set over, and by these presents does grant, bargain, sell, alien, remise, release, convey, confirm, assign, transfer, pledge, and set over unto the Trustee, party of the second part, and its several successors in the trust hereby created:

All and singular the business, franchises, and real and personal property of the party of the first part, situate in the City and County of San Francisco, and in the Counties of Alameda, Alpine, Amador, Butte, Calaveras, Colusa, Contra Costa, El Dorado, Marin, Napa, Nevada, Placer, Plumas, Sacramento, San Joaquin, San Mateo, Santa Clara, Santa Cruz, Solano, Sonoma, Sutter, Tuolumne, Yolo, Yuba, and elsewhere in the State of California, and including, among other things:

FIRST: All the business, franchises and property of every name and nature, and wheresoever situate, now or formerly owned by the Oakland Gas, Light and Heat Company and by Oakland Equitable Gas Company, and

by the Berkeley Electric Lighting Company, and each of them;

SECOND: All the business, franchises and property of every name and nature, and wheresoever situate, now or formerly owned by the Bay Counties Power Company, and by the Valley Counties Power Company, and by the Yuba Electric Power Company, and by the Nevada County Electric Power Company, and by the Butte County Electric Power and Light Company, and each of them.

THIRD: All of the business, franchises and property of every name and nature and wheresoever situate, now or formerly owned by the Standard Electric Company of California, and by the Stockton Water Company, and by the Blue Lakes Water Company, and each of them.

FOURTH: All of the business, franchises and property of every name and nature and wheresoever situate, now or formerly owned by the Sacramento Electric, Gas and Railway Company, and by the Central Electric Railway Company, and each of them (except street railway properties and properties and franchises appurtenant to such street railways).

FIFTH: All the business, franchises and property, of every name and nature and wheresoever situate, now or formerly owned by the United Gas and Electric Company, and by the San Mateo Power Company, and each of them.

SIXTH: All the business, franchises and property, of every name and nature, and wheresoever situate, now

owned or hereafter acquired by the South Yuba Water Company and by the Central California Electric Company, and each of them.

SEVENTH: All shares and interests therein, now held or hereafter acquired by the California Corporation, of the capital stock of each of said corporations, namely: Oakland Gas, Light and Heat Company, Oakland Equitable Gas Company, Berkeley Electric Lighting Company, Bay Counties Power Company, Valley Counties Power Company, Yuba Electric Power Company, Nevada County Electric Power Company, Butte County Electric Power and Light Company, Standard Electric Company of California, Blue Lakes Water Company, Stockton Water Company, Sacramento Electric, Gas and Railway Company, United Gas and Electric Company, San Mateo Power Company, South Yuba Water Company and Central California Electric Company.

EIGHTH: All rights of the party of the first part under or by virtue of that certain agreement dated the fourth day of January, 1905, between the said California Corporation, Warner Van Norden, and the Mercantile Trust Company of San Francisco, relative to the purchase of certain shares of the capital stock of the said South Yuba Water Company from said Van Norden and others by the California Corporation.

NINTH: All lands, real estate, grants, rights of way, tram-tracks and all privileges and appurtenances connected therewith; all its dams, canals, raceways, water rights, flowing rights, and all privileges and appurten-

ances connected therewith; all its plants, electric works, power houses, or other stations or buildings for the generation, transmission or storage of power or electric current; and the fixtures, fittings and equipment thereof; including all dynamos, engines, boilers, transformers, meters, converters, switchboards, shafting, belting and other appliances; and all transmission and distribution lines, bridges, rails, ties, tools, fixtures, supplies, conduits, feeders, poles, mast-arms, brackets, pipes, cables, wires, insulators, lamps, meters and electric fixtures and appliances of every kind and nature; all gas-plants, gas-holders, purifiers, gas-mains, gas-meters, and other buildings, apparatus and appliances for the manufacture, transmission or distribution of gas; all franchises, privileges, easements and rights of way, authorizing the erection, maintenance or operation upon, over or under the streets, alleys, highways or public places within any of the counties aforesaid, or any city, town or village therein, or upon, over or under any private property within any of said counties, of poles, wires, conduits, mains, pipes, or other structures or apparatus for the transmission or distribution of gas or electric current for any purpose whatever; all things in action, stocks, bonds, or other securities, contracts, claims and demands of said California Corporation, whether now owned or hereafter acquired; together with all and singular the tenements, hereditaments and appurtenances thereunto belonging, or in anywise appertaining, and all and singular the rents, issues, revenues, profits and income of or appertaining to the property of the

said California Corporation and of its constituent companies.

TENTH: Any and all other property of the California Corporation, of every name and nature and wheresoever situate, whether now owned by it or hereafter to be acquired, with the income and profits thereof.

TO HAVE AND TO HOLD all and singular the said premises and property, real and personal, rights, franchises, estates, lands, appurtenances, agreements, stocks, bonds and other securities hereby conveyed, mortgaged or pledged, or intended to be conveyed, mortgaged, or pledged, unto the Trustee and its successors in trust and assigns forever.

BUT IN TRUST, NEVERTHELESS, for the equal and proportionate benefit and security of all holders of the bonds and interest coupons issued and to be issued under and to be secured by this indenture, and for the enforcement of the payment of said bonds and of the interest thereon when payable, according to their tenor, purport, and effect, and to secure the performance of and compliance with the covenants and conditions of this indenture, without preference, priority, or distinction as to lien or otherwise of any one bond over any other bond issued hereunder, by reason of priority in the issue, sale or negotiation thereof, or of any other cause, so that each and every bond issued as aforesaid shall have the same right, lien, and privilege under and by virtue of this indenture, and so that the principal and interest of every such bond shall, subject to the

terms hereof, be equally and proportionately secured hereby, as if all had been duly issued, sold, and negotiated simultaneously with the execution and delivery of this indenture, it being intended that the lien and security of this indenture shall take effect from the date of the execution and delivery hereof, without regard to the time of actual issue, sale or negotiation of said bonds, as though upon such date all of said bonds were actually issued, sold, and delivered to and in the hands of holders thereof for value.

And it is hereby covenanted that all such bonds, with the coupons for interest thereon, shall be issued, certified, and delivered, and that the mortgaged and pledged premises and property, rights, franchises, estates, lands, appurtenances, agreements, stocks, bonds and other securities, shall be held by the Trustee subject to the further covenants, conditions, uses, and trusts hereinafter set forth, to wit:

ARTICLE ONE.

DECLARATION OF PRIORITY OF LIEN.

The lien of this indenture is and is declared to be prior and superior to the lien of the General and Collateral Trust Mortgage of the Pacific Gas and Electric Company, dated January 2, 1906, and executed to the Union Trust Company of San Francisco, as trustee, to secure the General and Collateral Trust Five Per Cent. Thirty-Year Gold Bonds of the Pacific Gas and Electric Company to the amount of $10,350,000.

This mortgage is not such prior lien upon the property or stock of the San Francisco Gas and Electric Company or the stock of the California Corporation.

The foregoing statement is made in compliance with Section 7 of Article Five of the said General and Collateral Trust Mortgage of the Pacific Gas and Electric Company.

ARTICLE TWO.

EXECUTION AND REGISTRATION OF BONDS.

SECTION 1. All bonds to be issued hereunder and secured hereby, together with the Trustee's certificate and the interest coupons to be attached to coupon bonds, shall be of the tenor and purport above recited. Such bonds may be executed, certified and delivered originally either as coupon bonds or as registered bonds, at the option of the California Corporation, and in such proportions as it may determine. The coupon bonds shall be of the denomination of one thousand dollars each, numbered consecutively from 1 upwards, and of the denomination of one hundred dollars each, in the discretion of the California Corporation, and in such proportions as it may from time to time determine. The coupon bonds of the denomination of one hundred dollars shall be identical in all respects, except as to stated face amount thereof and of the coupons thereto attached, with the form of coupon bond hereinbefore recited. In the event of the issue of any coupon bonds of the denomination of one hundred dollars each, the same serial

number shall be borne by ten of such bonds, the serial number to be immediately followed by one of the first ten letters of the alphabet; the letter on each bond differing from the letters placed on each of the other nine bonds bearing the same serial number. Every coupon bond for $100 shall bear thereon an endorsement substantially to the following effect: "This bond, together with nine other bonds bearing the same serial number (said ten bonds being lettered A to J consecutively), has been issued in lieu of or in exchange for a coupon bond for $1,000 bearing the same serial number, and, upon its surrender, together with nine other bonds of the same face amount, there will be delivered therefor a coupon bond for $1,000, having a serial number borne by a bond for $100 previously issued." Whenever any coupon bonds shall be issued originally for $100, there shall be withheld from certification by the Trustee an aggregate face amount of coupon bonds of the denomination of $1,000 equal to the aggregate face amount of the coupon bonds for $100 so issued and bearing the same serial numbers. The registered bonds shall be of the denomination of $1,000 or of such multiples thereof as from time to time the California Corporation may prescribe by resolution of its board of directors or executive committee. Every registered bond shall bear thereon an endorsement in substantially the following form: "This bond is issued in lieu of or in exchange for coupon bonds bearing the serial numbers....., and coupon bonds having the same serial numbers will be issued in exchange for this bond, upon surrender and cancella-

tion hereof. Coupon bonds bearing said serial numbers are not contemporaneously issued and outstanding." Whenever any bond or bonds shall be issued originally as a registered bond or bonds, there shall be withheld from certification by the Trustee an aggregate face amount of coupon bonds of the denomination of $1,000 equal to the aggregate face amount of the registered bond or bonds so issued, and the serial number or numbers of coupon bonds so withheld shall by the California Corporation be endorsed on such registered bond or bonds.

All bonds shall from time to time be executed and delivered by the California Corporation to the Trustee for certification, and thereupon the Trustee shall certify and deliver the same as provided in this indenture and not otherwise. Only such bonds as shall bear thereon endorsed the certificate of the Trustee duly executed shall be secured by this indenture, or shall be entitled to any lien or benefit hereunder; and every such certificate of the Trustee upon any bond purporting to be secured hereby shall be conclusive evidence that the bond so certified has been duly issued hereunder and that the holder is entitled to the benefit of the trust hereby created and of the trust created under the said Supplementary Mortgage of the Pacific Gas and Electric Company. Before certifying and delivering any coupon bonds hereunder, the Trustee shall cut off and cancel all coupons thereon then matured; and the Trustee shall not certify and deliver any registered bond bearing interest from any date more than six months prior to such certification or delivery.

In case any officers who shall sign and seal any bonds shall cease to be such officers before the bonds so signed and sealed shall have been actually certified by the Trustee or delivered or issued, such bonds may, nevertheless, be certified, delivered and issued, subject to the provisions of Article Three hereof, as though the persons who had signed and sealed such bonds had not ceased to be officers of the California Corporation. The coupons to be attached to coupon bonds shall be authenticated by the engraved signature of the present treasurer, or of any future treasurer of the California Corporation, and the California Corporation may use for that purpose the engraved signature of any person who shall have been such treasurer, nothwithstanding the fact that he may have ceased to be such treasurer at the time when such bonds shall be actually certified and delivered or issued.

SECTION 2. The California Corporation, at its office in the City of San Francisco, or agency in the City of New York, shall keep a sufficient register or registers of bonds issued hereunder, which register or registers at all reasonable times shall be open to the inspection of the Trustee; and, upon presentation for such purpose, it will, under such reasonable regulations as it may prescribe, register therein any coupon bonds and any registered bonds without coupons issued under the provisions hereof.

Upon presentation of any such registered coupon bond, together with a written power to transfer the same executed by the registered holder for the time being, in a form approved by the California Corporation, such bond shall

be transferred upon such register. The registered holder of any such registered coupon bond shall also have the right to cause the same to be registered as payable to bearer, in which case transferability by delivery shall be restored, and thereafter the principal of such bond shall be payable to any person presenting the same, but any such coupon bond registered as payable to bearer may be registered again in the name of the holder with the same effect as a first registration thereof. Successive registrations and transfers as aforesaid may be made from time to time as desired; and each registration shall be noted by the bond registrar on the bond. Registration of any coupon bond shall, however, not restrain the negotiability of any coupon thereto belonging, but every such coupon shall continue to pass by delivery and shall remain payable to bearer.

Any registered bond without coupons may be transferred by instrument in writing in a form approved by the California Corporation executed by the registered holder, upon the surrender and cancellation of such bond, in which case a new registered bond or new registered bonds for an equivalent amount, having endorsed thereon the same serial number or numbers of coupon bonds, and bearing interest from the first day of November or May, as the case may be, last preceding the date of said transfer, shall be issued to the transferee or transferees.

Whenever any registered bond without coupons shall be surrendered for exchange for a coupon bond or bonds of the denomination of $1,000, the California Corporation shall execute and the Trustee shall certify and de-

liver, in exchange for and upon cancellation of such registered bond, a like amount of the principal thereof in coupon bonds, each bearing one of the serial numbers endorsed upon the cancelled registered bond, with the coupons attached, maturing on and after the next date on which the interest would have become due on such surrendered registered bond.

Whenever any coupon bond or bonds of the denomination of $1,000 issued under and secured by this indenture,together with all unmatured coupons thereto belonging, shall be surrendered for exchange for a registered bonds or bonds, the California Corporation shall execute and the Trustee shall certify and deliver in exchange for such coupon bond or bonds, a like principal amount of registered bonds without coupons, having endorsed thereon the serial number or numbers of the coupon bonds so surrendered, and bearing interest from the first day of November or May, as the case may be, last preceding the date of said exchange.

Whenever ten coupon bonds of the denomination of $100 each, and all unmatured coupons attached thereto, shall be surrendered for exchange for a coupon bond of $1,000, the California Corporation shall execute and the Trustee shall certify and deliver a coupon bond of $1,000 denomination, with all unmatured coupons thereto attached, and numbered as follows: If said ten surrendered bonds shall bear the same serial number, then the $1,000 bond issued in exchange therefor shall bear the same serial number as the surrendered bonds. If, however, said ten surrendered bonds do not all bear the

same serial number, then the $1,000 bond issued in exchange shall bear, preceded by the letter X, a serial number borne by one of the surrendered bonds and not borne by any $1,000 bond at the time outstanding, and said bond shall also bear substantially the following endorsement: "This bond is issued in lieu of and in exchange for ten bonds of the denomination of $100 each, bearing serial numbers and letters....., none of which is at present outstanding."

Whenever any coupon bond of the denomination of $1,000 with all matured coupons shall be surrendered for exchange for coupon bonds of the denomination of $100, the California Corporation shall execute and the Trustee shall certify and deliver, in exchange for such coupon bond for $1,000, ten coupon bonds for $100 each, with all unmatured coupons, each bond having the serial number borne by the coupon bond for $1,000 so surrendered, or, if said coupon bond for $1,000 shall have been previously issued in exchange for coupon bonds of the denomination of $100, then, each having one of the combined numbers and letters specified in the endorsement on the surrendered bond.

In every case of such exchange or transfer the Trustee forthwith shall cancel the surrendered bond or bonds and coupons, and shall deliver the same to the California Corporation. For any exchange of coupon bonds for coupon bonds of another denomination, and for any exchange of coupon bonds for registered bonds, and for any transfer of registered bonds without coupons, and for any exchange of registered bonds for coupon bonds,

the California Corporation at its option, may make a charge sufficient to reimburse it for any stamp tax or other governmental charge required to be paid, and in addition may charge a sum not exceeding one dollar for each new registered or coupon bond issued upon such exchange or transfer.

SECTION 3. Until the permanent coupon and registered bonds intended to be secured hereby can be engraved and prepared, the California Corporation may execute and deliver printed or lithographed bonds, bearing interest from November 1, 1907, either registered or negotiable by delivery, and substantially of the tenor of the bonds hereinbefore recited, except that no coupons shall be attached to said bonds; and the same may be for the payment of one thousand dollars ($1,000) or any multiple thereof, as California Corporation shall determine. Each of such printed or lithographed bonds shall bear upon its face the words "Temporary Unifying and Refunding Mortgage Five Per Cent. Thirty-Year Gold Bond," and shall be duly certified by the Trustee in the same manner as the bonds hereinbefore described, and such certificate shall be conclusive evidence that the bond so certified has been duly issued hereunder, and that the holder is entitled to the benefit of the trusts hereby created. Whenever any of said temporary bonds shall be surrendered for exchange for temporary bonds of different denominations, but of like principal amount, the California Corporation shall cancel the temporary bonds so surrendered and deliver the same to the Trustee, and shall execute and the Trustee shall thereupon,

and upon payment of its reasonable charges for making such exchange, certify and deliver to the holder of the bonds so surrendered a like principal amount of temporary bonds, of such denominations, not less than $1,000, as the holder of the bonds so surrendered may reasonably request. Such printed or lithographed bonds duly issued and certified hereunder shall be exchangeable for engraved bonds to be issued hereunder, and upon any such exchange, said printed or lithographed bonds shall be forthwith canceled by the Trustee and delivered to the California Corporation. Until so exchanged, the said printed or lithographed bonds shall in all respects be entitled to the lien and security of these presents, as bonds issued and certified hereunder, and interest when and as payable shall be paid and endorsed thereon. As long as any temporary bonds are outstanding, a corresponding amount in face value of engraved bonds shall be withheld from certification by the Trustee.

Section 4. In case any coupon bond issued hereunder, with the coupons thereto appertaining, or any registered bond without coupons, shall become mutilated or be destroyed, the California Corporation in its discretion may issue and thereupon the Trustee in its discretion may certify and deliver a new bond of like tenor and date, including coupons in the case of a coupon bond, bearing the same distinguishing number, in exchange and substitution for, and upon cancellation of, the mutilated coupon bond, and its coupons, or the mutilated registered bond, or in lieu of, and substitution for, the

coupon bond and its coupons, or the registered bond so destroyed, upon receipt of evidence satisfactory to the California Corporation and Trustee of the destruction of such coupon bond and its coupons, or of such registered bond, and upon receipt also of indemnity satisfactory to the California Corporation and Trustee; and the California Corporation may charge for the issue of such new bond an amount sufficient to reimburse the California Corporation for the expense incurred by it in the issue thereof.

ARTICLE THREE.

ISSUE AND APPROPRIATION OF BONDS.

SECTION 1. The aggregate amount of all bonds which may be issued and outstanding under this indenture shall never, at any one time exceed the principal sum of forty-five million dollars ($45,000,000).

SECTION 2. $30,282,000 face value of the bonds authorized to be issued under this indenture shall be executed by the California Corporation and delivered to the Trustee, and thereafter from time to time the Trustee shall certify and deliver such bonds for the purpose of refunding, exchanging, redeeming, purchasing, retiring or paying, as hereinafter provided, before, at or after maturity, the following bonds which are hereinafter called "underlying bonds":

$10,000,000 face value of the General and Collateral Trust Five Per Cent. Mortgage Bonds of the California Corporation, issued under its said General and Collateral Trust Mortgage dated March 1, 1903.

$1,848,000 face value of the First Consolidated Mortgage Five Per Cent. Sinking Fund Thirty-Year Gold Bonds of the Bay Counties Power Company, issued under its said First Consolidated Mortgage, dated September 1, 1900, and such an additional amount face value, of said bonds, not exceeding $357,000 face value thereof, as may hereafter be issued in exchange for the bonds of the Nevada County Electric Power Company and the Yuba Electric Power Company hereinafter mentioned.

$750,000 face value of the Bay Counties Power Company, Second Mortgage Gold Bonds, issued under its said Second Mortgage, dated April 1, 1901.

$2,500,000 face value of the First Mortgage Five Per Cent. Sinking Fund Twenty-Eight-Year Gold Bonds of the Valley Counties Power Company, issued under its said First Mortgage, dated May 1, 1902.

$1,000,000 face value of First Mortgage Five Per Cent. Sinking Fund Thirty-Year Gold Bonds of the California Central Gas and Electric Company, issued under its said First Mortgage, dated August 1, 1901.

$2,210,000 face value of the Sacramento Electric Gas and Railway Company Five Per Cent. First Mortgage Gold Bonds, issued under its said First Mortgage, dated November 1, 1897, and such an additional amount of said bonds, not exceeding $265,000 face value thereof as may hereafter be issued in exchange for the First Mortgage Gold Bonds of the Central Electric Railway Company, hereinafter mentioned.

$5,000,000 face value of the First Mortgage Gold Bonds of The Standard Electric Company of California, issued under its said First Mortgage, dated September 1, 1899.

$1,960,000 face value of the First Mortgage Bonds of the United Gas and Electric Company, issued under its said First Mortgage, dated July 1, 1902.

$1,000,000 face value of the Mortgage Bonds of the Oakland Gas, Light and Heat Company, issued under its First Mortgage, dated March 16, 1891.

$1,173,000 face value of the Consolidated Mortgage Bonds of the South Yuba Water Company, issued under its Consolidated Mortgage, dated July 1, 1893, and such an additional amount face value of said bonds, not exceeding $339,000, as may hereafter be issued in exchange for the General First Mortgage Bonds of the South Yuba Water and Mining Company, hereinafter mentioned.

$327,000 face value of the General First Mortgage Bonds of the South Yuba Water and Mining Company, issued under its General First Mortgage, dated April 1, 1890, or such thereof as are not exchanged for the said Consolidated Mortgage Bonds of the South Yuba Water Company as above set forth.

$850,000 face value of the Five Per Cent. First Mortgage Thirty-Year Gold Bonds of the Central California Electric Company, issued under its said First Mortgage, dated May 1, 1903.

$725,000 face value of the First Mortgage Gold Bonds of the Blue Lakes Water Company, issued under its said First Mortgage, dated March 15, 1893.

$291,000 face value of the First Mortgage Six Per Cent. Gold Bonds of The Stockton Water Company, issued under its said First Mortgage, dated April 1, 1891.

$171,000 face value of the First Mortgage Gold Bonds of the Nevada County Electric Power Company, issued under its First Mortgage, dated October 1, 1898, or such thereof as are not exchanged for the bonds reserved for that purpose under the said First Consolidated Mortgage of the Bay Counties Power Company, as above set forth.

$186,000 face value of the First Mortgage Gold Bonds of the Yuba Electric Power Company, issued under its said First Mortgage, dated June 1, 1899, or such thereof as are not exchanged for the bonds reserved for that purpose in the said First Consolidated Mortgage of the Bay Counties Power Company, as above set forth.

$265,000 face value of the First Mortgage Gold Bonds of the Central Electric Railway Company, issued under its said First Mortgage, dated June 1, 1892, or such thereof as are not exchanged for the bonds reserved for that purpose under the said First Mortgage of the Sacramento Electric Gas and Railway Company, as above set forth.

$26,000 face value of the Six Per Cent. Gold Bonds of the Berkeley Electric Lighting Company, issued under its said First Mortgage, dated July 1, 1896.

(*a*) Whenever from time to time the California Corporation shall tender or cause to be tendered to the Trustee for deposit hereunder any of said underlying bonds now outstanding or reserved to retire other underlying bonds as above mentioned with all unmatured coupons thereto appertaining, whether before, at or after the payment, redemption or maturity thereof, the Trustee, in exchange therefor shall authenticate and deliver to the California Corporation, or upon its order, bonds hereunder in an aggregate principal sum equal to the face value of the underlying bonds so tendered to the Trustee.

(*b*) At any time or times on or after the maturity or redemption of any of the underlying bonds, or within twelve months before such maturity or after any such underlying bonds shall have been called for redemption but before such redemption, the California Corporation may sell bonds issued under this indenture, in order to provide in whole or in part the means to pay or redeem such underlying bonds as shall not theretofore have been delivered to the Trustee and held by it under this indenture, and which have matured or been redeemed, or are to mature or have been called for redemption, and the Trustee shall certify and deliver to the California Corporation, or upon its order, bonds secured hereby in an aggregate principal sum equal to the face value of such underlying bonds for the payment or redemption of which the California Corporation desires to provide, provided that an amount of money equal to the face value of the bonds so certified and delivered hereunder

shall simultaneously be deposited with the Trustee in exchange therefor. Out of the money so received by the Trustee, it shall, on demand of the California Corporation, and upon delivery to the Trustee of the underlying bonds so purchased, paid or redeemed by the California Corporation, pay to the California Corporation a sum equal to the face value of such underlying bonds so paid or redeemed. Provided, however, that so long as any bonds secured by the General and Collateral Trust Mortgage of the Pacific Company shall remain outstanding, no bonds underlying this Unifying and Refunding Mortgage shall be called for redemption before maturity at a price exceeding par, without the written consent of the Trustee, except such underlying bonds as shall be called for redemption pursuant to the sinking fund provisions of some underlying mortgage.

(*c*) Whenever any of the underlying bonds shall hereafter have been (1) retired and canceled through the operation of any sinking fund created under any mortgage securing any of such underlying bonds or otherwise (save only by being refunded by the bonds of another issue of underlying bonds reserved for that purpose), or (2) hereafter acquired for the sinking fund created by the mortgage securing such bonds under such conditions that the bonds so acquired shall thereupon become non-negotiable,—provided in every case that no bonds secured hereby shall have been issued against the bonds so retired and canceled or so acquired for sinking fund purposes,—an amount of bonds reserved under this section equal in face value to the amount of bonds so

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retired and canceled and so acquired for sinking fund purposes shall be subject to issue and shall be certified by the Trustee and delivered to the California Corporation to pay for 85% of the actual cost of betterments or extensions to the property of, and 85% of the cost of new property actually acquired by the California Corporation, the South Yuba Water Company or Central California Electric Company; provided, however, that none of the bonds which may be available for issuance under this clause (*c*) on account of bonds retired or cancelled or acquired for sinking fund purposes prior to January 1st, 1912, shall be issued by the California Corporation or be certified by the Trustee unless with the unanimous written consent of the Bondholders' Committee; but any of said bonds which shall become available for issuance under this clause (*c*) on account of bonds retired or cancelled or acquired for sinking fund purposes after January 1st, 1912, may be certified and issued without the consent of the Bondholders' Committee. The Trustee shall not certify or deliver any bonds under this clause (*c*) except upon presentation of certificates showing that said bonds are required for expenditures then already made by the California Corporation for work done or for property actually constructed or acquired by it or by its said constituent companies; the certificates, in other respects, to be made by the same officers and to be similar in form and substance to those prescribed in section 4 of this article, the Trustee having the right to make independent investigation of the facts at the expense of the California Corporation as provided in said section 4.

(*d*) Any and all of said $30,382,000 of bonds which shall remain unissued after the retirement and cancellation of all of the said underlying bonds shall, thereafter, from time to time, be executed by the California Corporation and delivered to the Trustee and shall thereafter be certified and delivered by the Trustee for the purposes, under the conditions, and subject to the restrictions specified in said Section 5, in addition to the bonds reserved for issue under said section.

(*e*) A certificate signed by the President or Vice-President and by the Secretary or Assistant Secretary of the California Corporation, under its corporate seal, stating that the bonds, in respect of the deposit, or anticipated deposit, of which the certification and delivery of bonds hereunder shall be requested, were outstanding on the 1st day of November, 1907, or have been issued in accordance with the mortgage securing the same since that time in exchange for other underlying bonds, as the case may be, and stating any other facts or concerning any other condition or conditions pertinent to the right under this Section to certify and deliver bonds to be issued under and secured by this indenture, shall be sufficient evidence to the Trustee of such facts and full warrant, authority and protection for the action of the Trustee in accordance therewith.

SECTION 3. $3,055,000 face value of the bonds authorized to be issued under this indenture shall be executed by the California Corporation, and shall be certified and delivered by the Trustee to the California Corpora-

tion for use in, or to aid in, refunding, retiring, redeeming, purchasing, paying and exchanging any part of the unfunded or floating debt of the California Corporation.

The bonds so reserved under this Section shall be certified and delivered to the California Corporation, or upon its order, on the filing with the Trustee, from time to time, of a copy of a resolution by the Board of Directors of the California Corporation, certified under its corporate seal by its Secretary or Assistant Secretary, requesting such delivery, and stating that the bonds so delivered, or their proceeds, will be used by the California Corporation only in, or to aid in, refunding, retiring, redeeming, purchasing, paying and exchanging such unfunded and floating debt, and the Trustee may require such evidence of the use of said bonds for the purposes aforesaid as may be satisfactory to it.

SECTION 4. $3,058,000 face value of the bonds authorized to be issued under this indenture shall be executed by the California Corporation and shall be certified and delivered by the Trustee from time to time to the California Corporation or upon its order for use, in the discretion of the California Corporation, in or to aid in acquiring and providing for eighty-five per cent. of the cost of betterments or extensions to the property of and the acquisition of new property for the California Corporation, South Yuba Water Company, and Central California Electric Company.

No bonds reserved under this section shall be issued, sold, or otherwise disposed of to any greater amount

than will produce (at the price of not less than ninety per cent. of their face value) net proceeds equal to eighty-five per cent. of the cost of the betterments, extensions, and new property on account whereof such bonds are issued.

The said $3,058,000 face value of bonds shall be certified and delivered upon and subject to the following conditions and restrictions, to wit:

(*a*) Before certifying and delivering any bonds reserved under this section, there shall be delivered to the Trustee a copy of a resolution of the Board of Directors of the California Corporation, certified under its corporate seal by its Secretary or Assistant Secretary, calling for the certification and delivery of such bonds, and specifying the particular purpose or purposes for which the bonds called for by said resolution are to be used, and directing the officers of the California Corporation to set aside such amount of bonds or their proceeds, separate and apart from any other assets and funds of the California Corporation, and to use the same only for the purposes specified in such resolution.

(*b*) In every instance, before certifying and delivering any of the bonds reserved under this section, and which are to be used in or to aid in acquiring and providing for the cost of betterments or extensions as aforesaid, the California Corporation shall furnish to the Trustee, in addition to such resolution of its Board of Directors, the certificate of the chief engineer of the California Corporation describing the work to be done, and

stating the estimated cost thereof, and in case of the acquisition or construction of new property, such resolution of the Board of Directors shall be accompanied by a certificate of the chief engineer and of the President or Vice-President of the California Corporation, containing a description of the new property to be acquired and stating (1) the necessity therefor or the desirability thereof, and whether such property is known or believed to be subject to any lien or charge (except undetermined liens or ordinary operating accounts or charges incidental to construction), and if so subject, such certificate shall specify the character and amount of such prior liens or charges (other than as aforesaid) known or believed to be existing or attaching thereto, and (2) the price to be paid for such property, and that such price does not exceed the fair value of such property. Any such last-mentioned certificate shall also be accompanied by the original or a verified copy of the written contract, if any, providing for the sale of the bonds the certification and delivery of which are called for by such resolution, and a statement by the President or Vice-President of the California Corporation showing the amount of the commission (if any) to be paid on account of such sale. The Trustee hereunder may rely upon the facts stated in any resolution, certificate, statement, or paper mentioned in this section, and in such case such resolution, certificate, statement or paper shall be conclusive evidence in favor of the Trustee, but the Trustee may, if it deems a verification of any of the facts stated in any such certificate or statement to be necessary or advisable

(but not otherwise) investigate, in such manner as to it may seem proper at the expense of the California Corporation, the statements contained in any such certificate or statement, and if such statements are not founded in fact said Trustee shall not deliver any bonds called for by such resolution, and the California Corporation shall pay to the Trustee upon demand the costs and expenses of such investigation.

(*c*) None of the bonds reserved under this section shall be certified or delivered for or in respect of the construction, purchase, or acquisition of property subject to any lien or charge certified as aforesaid, unless or until the Trustee shall have reserved therefrom an amount of the bonds authorized to be issued under this indenture equal, at the rate of ninety per cent. of the face value of such bonds and accrued interest, to the aggregate amount of such certified liens and charges. Whenever thereafter any such certified liens and charges in respect of which such reservations shall be made shall be paid or be satisfied, or shall be acquired and subjected to the lien hereof, then a proportionate amount of the bonds authorized to be issued under this indenture so reserved by the Trustee under this clause shall be delivered by the Trustee to the California Corporation or upon its order, so that the amount of such bonds reserved by the Trustee under this clause at all times shall be equal, at the rate aforesaid, to the amount of liens and charges so certified remaining unsatisfied or not subject to the lien of this Indenture: Provided, however, that the amount of such liens and charges shall

in all cases be counted as a part of the cost of the new property to which they attach, so that in case of a request by the California Corporation for the certification of bonds with respect to the construction, purchase or acquisition of new property so subject to liens or charges, the Trustee, after reserving bonds to the amount of such liens and charges, shall certify in addition thereto, on account of such new property, only an amount of bonds, which added to the bonds so reserved, will not exceed (at ninety per cent. of their face value) eighty-five per cent. of such cost of such new property.

(*d*) Any new property so constructed or acquired shall forthwith and *ipso facto* become and be subject to the lien and operation of this indenture, and the California Corporation from time to time shall execute or cause to be executed and delivered in due form of law all such deeds, conveyances or instruments of further assurance as may be necessary for the purpose of effectually subjecting to the lien and operation of this Indenture any new property so constructed or acquired by the California Corporation, and the California Corporation shall furnish the written opinion of counsel of the California Corporation to the effect that such deeds, conveyances or other instruments are sufficient for such purpose, or that no deed, conveyance or instrument of further assurance is necessary for the purposes aforesaid, or, in the case of the delivery of bonds reserved under clause *(c)* of this section, that such liens and charges have been duly paid and satisfied or have been acquired and duly subjected to the lien hereof.

SECTION 5. The remaining bonds authorized to be issued hereunder, to wit, bonds to the amount of $8,605,000 face value, and all bonds reserved to retire underlying bonds in accordance with section 2 of this article, but not required therefor, as provided in subsections *(c)* and *(d)* of said section 2, shall be executed by the California Corporation and shall be certified and delivered by the Trustee from time to time for the purposes and under the conditions and restrictions provided for in Section 4 of this Article, provided that so long as any bonds are outstanding under the General and Collateral Trust Mortgage of the Pacific Gas and Electric Company mentioned in Article One hereof, none of the bonds reserved under this section shall be certified or delivered until there shall be filed with the Trustee not only the resolutions and certificates required by said Section 4, but also a certified copy of a resolution adopted by the bondholders' committee provided for by said General and Collateral Trust Mortgage, consenting to the certification of such bonds, and then only in accordance with such resolution of the bondholders' committee.

ARTICLE FOUR.

PARTICULAR COVENANTS OF THE CALIFORNIA CORPORATION.

SECTION 1. The California Corporation covenants and agrees that it will duly and punctually pay, or cause to be paid, the principal and interest of every bond issued hereunder and secured hereby, all in gold coin of the United States of or equal to the present standard of

weight and fineness, at the dates and places and in the manner mentioned in such bonds, and in the coupons appertaining to coupon bonds, according to the true intent and meaning thereof. The California Corporation further covenants and agrees (in so far as it lawfully may without prejudice to any of the rights of holders of bonds or coupons secured hereby) that said principal and interest shall be paid without deduction for any tax or taxes imposed by the United States, or by any State, County, Municipality or Governmental subdivision, which the California Corporation may be required or permitted to pay thereon or to retain therefrom under or by reason of any present or future law. The interest on coupon bonds shall be payable only on surrender for cancellation of the respective coupons annexed to said bonds as such coupons respectively mature, and, when and as paid, all such coupons shall forthwith be canceled.

Section 2. The California Corporation covenants and agrees that at all times, until the payment of the principal of the bonds secured by this indenture, it will keep an office or agency in the City of New York, where coupons may be presented for payment, and the holders of registered bonds may receive payment of interest thereon, and bonds secured hereby may be registered, and an office or agency in the City of San Francisco, where bonds and coupons may be presented for payment and the holders of registered bonds may receive payment of interest thereon and bonds secured hereby may be registered, and that from time to time it will

give written notice to the Trustee of the place of each such office and agency.

SECTION 3. The California Corporation covenants and agrees that upon the completion of the retirement and cancellation of all underlying bonds this Indenture shall be and thereafter shall be kept a first lien upon all of the property of the California Corporation, except (1) liens and charges upon property hereafter purchased by the California Corporation, or its successor, no part of the purchase price of which has been paid with bonds or with the proceeds of the bonds secured hereby, and except (2) liens and charges against which bonds are reserved under clause *(c)* of Section 4 of Article Three hereof; and the California Corporation covenants that it will pay, or cause to be discharged, or will make adequate provision for the satisfaction or discharge of, all lawful claims and demands of mechanics, laborers and others, which, if unpaid, might by law or otherwise be given precedence to this Indenture as a lien or charge upon the mortgaged premises and property, or any part thereof, or upon the income thereof.

SECTION 4. The California Corporation covenants and agrees that, from time to time, it will duly pay and discharge all taxes, assessments and governmental charges lawfully imposed upon the premises and property hereby mortgaged or pledged, or which may become subject to the lien hereof, or upon any part thereof, or upon the income and profits thereof, the lien of which would be prior to the lien hereof, so that the priority of this In-

denture shall be fully preserved in respect of such premises and property; and also that it will pay and discharge (in so far as it may lawfully pay or covenant or agree to pay the same), all taxes, assessments and governmental charges, lawfully imposed upon the lien or interest of the Trustee under this Indenture, so that the lien and priority of this Indenture shall be fully preserved at the cost of the California Corporation, in so far as it may be lawful, without expense to the Trustee or to the bondholders; provided, however, that nothing contained in this Section shall require the California Corporation to pay any such tax, assessment or charge, so long as the validity thereof shall in good faith be contested, unless thereby property or securities shall be lost or forfeited, or in immediate danger thereof, and that nothing in said bonds or in this Indenture contained shall obligate or be deemed to obligate the California Corporation to pay any tax, assessment or other governmental charge, the agreement to pay which or the payment of which would be contrary to law, or would result in the forfeiture of any right or interest secured to the holders of said bonds by the terms of said bonds or of this Indenture.

Section 5. The California Corporation covenants and agrees that it will not issue, negotiate, sell, hypothecate or dispose of any bonds hereby secured except for the best price obtainable therefor (but in no case for less than ninety per cent. of their face value) or in any manner other than in pursuance of its lawful corporate powers and in accordance with the provisions of this

Indenture and the agreements in that behalf herein contained, and that, in issuing, selling, hypothecating, negotiating or otherwise disposing of such bonds from time to time, it will well and truly apply the same, or cause the same to be applied, and will apply the proceeds thereof, only to and for some one or more of the lawful corporate purposes in this indenture prescribed.

SECTION 6. The California Corporation covenants and agrees that it will not, directly or indirectly, extend or assent to the extension of the time for payment of any coupon or claim for interest upon any bond secured hereby, and that it will not, directly or indirectly, be a party to any arrangement therefor by purchasing or funding said coupons or claims for interest upon registered bonds or in any other manner. In case the payment of any such coupon or claim for interest shall be so extended by or with or without the consent of the California Corporation, such coupon or claim for interest so extended shall not, nor shall any coupon belonging to any bond hereby secured, which, in any way on or after maturity, shall have been transferred or pledged separate and apart from the bond to which it relates, unless accompanied by such bond, be entitled, in case of default hereunder, to any benefit of or from this Indenture, except after the prior payment in full of the principal of all bonds issued hereunder, and of all coupons and claims for interest on such bonds, which have not been so extended, transferred or pledged.

SECTION 7. The California Corporation covenants and agrees that it will well and truly pay and discharge, upon presentation thereof for payment, at or after maturity, or will acquire and will deposit with the Trustee hereunder, all of the said underlying bonds (except such thereof as shall be exchanged for other underlying bonds), and it will punctually pay or cause to be paid the interest on all such underlying bonds not acquired and deposited hereunder as and when such interest shall become due and payable, until all underlying bonds shall have been fully paid and discharged or shall have been acquired and deposited hereunder, and it will not make or suffer any default either in respect to such underlying bonds or under the mortgages securing them wherefrom the right may arise to enforce by foreclosure or otherwise the lien therein provided, and it will not extend or renew any such underlying bonds, and will not cause or suffer the same to be extended or renewed; but the holders of any such underlying bonds shall not be entitled to the benefit of the lien of or to any rights under this Indenture.

SECTION 8. All property, rights and franchises of every name and nature, hereafter acquired by the California Corporation, shall immediately upon the acquisition thereof by the California Corporation, and without any further conveyance or assignment, become and shall be subject to the lien of this Indenture, as fully and completely as though now owned by the California Corporation and specifically described in the granting clauses hereof; and the California Corporation expressly

covenants and agrees that it will at any and all times execute and deliver any and all such further assurances, conveyances or assignments thereof as the Trustee may reasonably direct or require for the purpose of expressly and specifically subjecting the same to the lien of this Indenture, and also that it will do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered all and every such further acts, deeds, conveyances, transfers and assurances as may be proper under the laws for the better assuring, conveying, assigning and transferring unto the Trustee all and singular the property, rights and franchises hereby mortgaged or pledged or intended so to be, or which the California Corporation may be or hereafter become bound to mortgage or pledge to the Trustee, as the Trustee shall reasonably require.

SECTION 9. The California Corporation covenants and agrees that it will not cause, suffer, or permit any bonds to be issued under any of the mortgages securing any of the underlying bonds mentioned in Section 2 of Article Three hereof (in addition to the underlying bonds mentioned in said Section 2), except such bonds as are reserved under said mortgages and are authorized to be issued thereunder as specified in said Section 2 in exchange for other underlying bonds.

SECTION 10. The California Corporation further covenants and agrees that it will not suffer or permit either the South Yuba Water Company, or the Central California Electric Company to sell or convey all or any part

of its property (other than corporate bonds), unless *(a)* to the California Corporation, or *(b)* to the Pacific Company in case such company shall have acquired the properties of the California Corporation as provided in Article Twelve hereof, or in the case of the Central California Electric Company *(c)* such sale or conveyance is made to the South Yuba Water Company, or *(d)* the property sold or conveyed is not necessary to be retained in connection with the business of the corporation selling or conveying the same. The written consent of the Trustee to the sale or conveyance of any property of the nature described in clause *(d)* of this Section shall be conclusive evidence in favor of the California Corporation that the property so sold or conveyed is not necessary to be retained in connection with the business of the corporation selling or conveying the same; but any such sale or conveyance may be made without the written consent of the Trustee if the property so sold or conveyed is in fact not necessary to be retained in connection with the business of the corporation making such sale or conveyance. The proceeds of any sale or conveyance authorized by this section, except any sale or conveyance mentioned in clauses *(a)*, *(b)* and *(c)* hereof, shall be held, used and disposed of only for one or more of the following purposes: *(a)* in accordance with any provision assigning or regulating the disposition of such proceeds which is contained in any mortgage which is a lien upon such property at the date of such sale or conveyance thereof, or *(b)* for the purchase of other property for the use

of the corporation making such sale or conveyance, or *(c)* to retire the bonds of the corporation making such sale or conveyance.

SECTION 11. The California Corporation covenants and agrees that from time to time it will duly pay and discharge or cause to be paid and discharged all taxes, assessments, and governmental charges lawfully imposed upon the premises and property of the South Yuba Water Company, and Central California Electric Company, or upon any part thereof, or upon the income and profits of either of such companies; provided, however, that nothing contained in this section shall require the California Corporation to pay or cause to be paid any such tax, assessment, or charge so long as the validity thereof shall in good faith be contested, unless thereby the property against which such tax, assessment, or charge is laid shall be lost or forfeited, or in immediate danger thereof.

The California Corporation covenants and agrees that it will not sanction or permit any issue of additional shares of the capital stock of the South Yuba Water Company, or the Central California Electric Company, or of any company the greater portion of whose capital stock shall be pledged and delivered hereunder, unless simultaneously there shall be made effective provision that all such additional stock (or such part of such additional stock as shall be proportionate to the part of the entire issue of such capital stock previously pledged hereunder) forthwith on the issue thereof shall be de-

livered to and be pledged with the Trustee hereunder, and shall be subject to all the trusts of this Indenture.

The California Corporation covenants and agrees that it will not create or suffer to be created any mortgage lien upon any of the premises or property of the South Yuba Water Company, or Central California Electric Company, or permit either of such companies to incur any floating indebtedness, and that it will pay and discharge or cause to be paid and discharged, or will make adequate provision for the satisfaction and discharge of, all lawful claims and demands of mechanics, laborers, and others which, if unpaid, might by law or otherwise attach to the premises and property of any of such companies, or any part thereof, or to the income of any such companies.

SECTION 12. The California Corporation covenants and agrees that at all times it will maintain, preserve and keep the mortgaged premises and property and every part thereof, and will cause to be kept the premises and property of the South Yuba Water Company, and Central California Electric Company, together with the works, plants, buildings, machinery, fixtures, equipment, lines, tools and appliances and appurtenances and every part and parcel thereof, in thorough repair, working order and condition, and adequately insured, and that it will from time to time make all needful and proper repairs, renewals, alterations, additions, betterments and improvements, so that the business of the California Corporation and said other companies and

every part thereof shall at all times be conducted in a good and business-like manner; that it will also take all necessary steps to preserve all water-rights, franchises, privileges, immunities, and exemptions now owned or enjoyed or which may hereafter be owned or enjoyed by the California Corporation or any of said other companies, and will comply with all such laws as may now or hereafter be applicable, so as to effectually preserve, obtain and secure the rights, franchises, and privileges now or hereafter necessary or proper for the preservation and protection of the rights and privileges now owned by it and the proper conduct of its business and affairs.

SECTION 13. The California Corporation covenants and agrees that it will acquire, as soon as practicable, all the property, rights and franchises of the South Yuba Water Company, and Central California Electric Company, and will cause such property, rights and franchises to be subjected to the lien of this Indenture.

SECTION 14. The California Corporation covenants and agrees that it will pay, as they become due, each and every instalment of the purchase price of the stock of the South Yuba Water Company, in accordance with the agreement of purchase between said Company and Warner Van Norden, hereinbefore described, and that it will in other respects faithfully comply with each and all of the conditions of said agreement of purchase.

ARTICLE FIVE.

CONTROL OF PLEDGED SECURITIES.

SECTION 1. Every underlying bond of any of the issues referred to in Section 2 of Article Three hereof which shall be deposited with or otherwise acquired by the Trustee (except bonds acquired for the sinking fund to be created and maintained under this Indenture as set forth in Article Nine hereof), shall by the Trustee be stamped with the words "Not negotiable; held in trust under the Unifying and Refunding Mortgage of the California Gas and Electric Corporation, dated November 1, 1907," and shall be held by the Trustee, as purchaser, without extinguishment or impairment of lien, as additional security for the payment of the bonds hereby secured, until *(a)* all bonds of the same issue at any time outstanding, shall have been so deposited (except lost or destroyed bonds for which satisfactory indemnity may have been given), and *(b)* all bonds of every issue of underlying bonds secured by a mortgage junior in lien upon any part of the property covered by the mortgage securing the bonds so deposited have been canceled, when all such deposited bonds of such issue shall be canceled or procured to be canceled by the Trustee and surrendered to the California Corporation. Upon the cancellation of any issue of underlying bonds and the discharge of the mortgage securing the same, all bonds or shares of stock pledged to secure the bonds so canceled, shall (unless required to be deposited under some mortgage securing other underlying bonds) forth-

with be delivered to and thereafter be held by the Trustee hereunder.

Section 2. If at the time of maturity or redemption of any such underlying bonds the holders thereof shall decline to sell and to deliver the same at par and accrued interest (and the premium, if redeemed), but shall require the payment thereof, then, upon the payment thereof by or for the California Corporation, the said Trustee shall certify and shall deliver to the California Corporation or upon its order, the same amount at par of the bonds reserved hereunder under Section 2 of Article Three hereof, as though said matured or redeemed bonds had been purchased by the California Corporation and by it deposited with the said Trustee, and by virtue of such payment or redemption of such underlying bonds and the issue of such new bonds the Trustee shall forthwith be subrogated to and vested with all the rights and liens of the holders of the bonds so paid or redeemed.

Section 3. Neither the principal nor the interest of any such underlying bonds at any time so held by the Trustee, shall be collected or required to be paid unless or until proceedings shall have been instituted to enforce the mortgage securing such bonds, either by entry or by sale, but then and thereupon all of the bonds of that issue then so held by the said Trustee and all interest thereon maturing on or subsequently to the date upon which default was made for which such proceedings shall have been instituted, shall be entitled to pay-

ment and payment thereof shall be enforced, ratably and equally with all other bonds of such issue not deposited with said Trustee, but all interest maturing upon any such deposited bonds prior to any default under this Indenture or under the mortgage securing such deposited bonds, shall be deemed to have been paid and satisfied, and upon request of the California Corporation therefor the coupons or interest warrants representing such interest shall be canceled by the Trustee and delivered to the California Corporation.

Section 4. The California Corporation covenants and agrees that it will deliver to the Trustee any and all certificates for shares of stock which may become or be intended to become subject to the lien of this Indenture, and the Trustee may cause to be transferred into its name as Trustee under this Indenture or into the name of any other person by it selected all shares of stock pledged to and deposited with it pursuant hereto, but all certificates for any such shares of stock standing in the name of any other person or persons shall at all times be held by the Trustee endorsed in blank by the person in whose name the shares represented thereby shall stand.

Section 5. It is hereby expressly agreed that, while and so long as there shall be no default in the payment of the principal or interest of any of the bonds secured hereby or in the due performance or observance of any of the covenants or conditions herein required to be kept or performed by the California Corporation, continuing

as hereinafter provided, the Trustee shall execute and deliver to the California Corporation, upon the written order of its president or vice-president, assignments of or orders for any dividends which may be declared to be or be payable upon any deposited or pledged stock registered in the name of the Trustee or any person into whose name the Trustee shall have caused certificates for such shares of stock to be transferred; and so long as it shall not be in default as aforesaid, the California Corporation shall have the right to vote upon or assent in respect to all shares of stock pledged hereunder for all purposes not contrary to its covenants herein contained or otherwise inconsistent with the provisions or purposes of this Indenture, and with the same force and effect as though such shares were not subject to this Indenture, and from time to time, upon demand of the California Corporation, the Trustee forthwith shall execute and deliver, or shall cause to be executed and delivered, to the California Corporation, or to its nominees, suitable powers of attorney or proxies to vote upon or sign or assent in respect to any shares of stock which may be registered in the name of the Trustee or of any person into whose name the Trustee shall have caused them to be transferred, at any meeting or meetings of the company or companies which shall have issued the same, or for any lawful purpose of representation of said shares.

In case there shall be a default as aforesaid, then during the continuance of such default, in addition to the other remedies hereinafter provided, the Trustee

may revoke any such proxy or proxies and vote upon any such shares of stock, but after any such default shall have been made good or shall have been waived as in this Indenture provided, the right of the California Corporation to vote upon or assent in respect to any such shares and the obligation of the Trustee to execute such proxies, or cause the same to be executed, shall revive and shall continue as though no such default had taken place.

SECTION 6. In case, while and so long as there shall be no default hereunder, any sum shall be paid on account of the principal of any underlying bonds or other bonds or of any obligation subject to this Indenture, or in case any sum shall be paid on account of the interest upon any such bonds or obligations, out of the proceeds of the sale of property covered by a mortgage or trust deed securing such bonds or obligations, or in case upon the dissolution or liquidation of any company any sum shall be paid upon any bonds, subject to this Indenture, then and in any such case any such sum, unless required to be paid to and received by the Trustee under any Indenture constituting a prior lien on the mortgaged or pledged premises or any part thereof, shall be received by the Trustee and shall be by it expended in purchasing or redeeming bonds issued hereunder, or any underlying bonds, in its discretion.

SECTION 7. In case default shall be made in the payment of the principal or interest of any of the bonds which shall have been delivered to and shall be held by

the Trustee hereunder, or of any bonds then secured by the same mortgage as bonds held by the Trustee, then and in any such case, the Trustee, without prejudice to its right to claim a default under this Indenture, may in its discretion, cause proper proceedings to be instituted to enforce or foreclose the mortgage by which the bonds so in default are secured. .

In case any property covered by an underlying mortgage shall be sold upon foreclosure of such mortgage, then, if the property sold can be acquired by crediting on the bonds held by the Trustee hereunder the sum accruing or to be received thereon out of the proceeds of such property and paying not more than fifteen per cent. of the price of such property in cash, the Trustee in its discretion may—but, if by the California Corporation or by the holders of a majority in amount of the bonds hereby secured and then outstanding requested in writing and provided with the amount of cash necessary therefor, the Trustee shall purchase or cause to be purchased or permit the California Corporation to purchase such property in the name or on behalf of the Trustee or of the California Corporation, or by purchasing trustees, and shall use or permit the California Corporation to use such bonds, so far as may be, to make payment for such properties; and in case of such purchase the Trustee shall take such steps as it may deem proper to cause such property to be vested in the California Corporation subject to the lien of this Indenture. The California Corporation covenants that on demand of the Trustee it (the California Corporation) forthwith

will pay or satisfactorily provide for the payment of all expenditures incurred by the California Corporation under any of the provisions of this section, including all sums required to obtain or perfect the ownership or title of any property which the Trustee shall purchase or cause to be purchased pursuant to the provisions of this section.

In case the Trustee shall not purchase or cause to be purchased the property sold at any such sale, then the Trustee shall receive any portion of the proceeds of the sale accruing on the bonds held hereunder, and such proceeds shall be held by the Trustee and shall be by it expended in purchasing or redeeming bonds issued hereunder or any underlying bonds, in its discretion.

SECTION 8. The Trustee upon the request of the California Corporation, or in its discretion when not so requested, may do whatever is necessary for the purpose of maintaining, preserving, continuing, regulating or extending the corporate existence of any and all companies, whose stock shall at any time be pledged hereunder, and for such purposes from time to time it may sell, assign, transfer and deliver so many shares of stock of such companies as may be necessary to qualify persons to act as directors of or in any other official relation to such companies, and in every case the Trustee may make such arrangements as it shall deem necessary for the protection of the trust hereunder in respect to the shares so assigned.

ARTICLE SIX.

REMEDIES OF TRUSTEE AND BONDHOLDERS.

SECTION 1. If one or more of the following events (hereinafter called the events of default) shall happen,—that is to say, if

(a) default shall be made in the payment of any instalment of interest on any bond hereby secured when and as the same shall become payable, and such default shall have continued for the period of six (6) months, or default shall be made in the payment of the principal of any such bond;

(b) default shall be made in the due observance or performance of any other covenant or condition herein required to be kept or performed by the California Corporation, its successors or assigns, and such default shall continue for a period of six months after written notice thereof to the California Corporation from the Trustee;

(c) default shall be made in the payment of the interest on any of the underlying bonds and by reason of such default any right of action or entry shall have arisen under the mortgage securing such underlying bonds;

(d) the California Corporation shall fail, on the maturity of any of the underlying bonds, and on the presentation thereof in accordance with the terms of the mortgage securing such bonds, either to pay such underlying bonds or to cause such

bonds to be taken up and delivered to the Trustee to be held under this Indenture;

(e) an order or decree shall be made for the appointment of a receiver of the California Corporation or of the properties subject to the lien hereof, or of any part thereof;

then in each and every such case the Trustee, by its agents or attorneys, may forthwith enter into or upon all or any part of the lands, rights, interest, contracts, agreements, franchises, premises and other property, and the income thereof, hereby mortgaged or pledged or intended so to be, and each and every part thereof, and may exclude the California Corporation, its agents and servants wholly therefrom, and, having and holding the same, may use, operate, manage and control said properties, rights and franchises, and conduct the business thereof, either personally or by its superintendents, managers, receivers, agents, servants or attorneys to the best advantage of the holders of the bonds hereby secured, to the fullest extent authorized by law; and upon every such entry the Trustee may, at the expense of the trust estate, from time to time, either by purchase, repair or construction, maintain and restore, and may insure or keep insured, the apparatus, tools, machinery and property, buildings and structures erected or provided for use in connection with the business of the California Corporation, and whereof it shall become possessed as aforesaid, in the same manner and to the same extent as is usual with companies engaged in like business, and likewise may, from time to time, at the expense

of the trust estate, make all necessary or proper repairs, renewals, replacements, alterations, additions, betterments and improvements thereto and thereon as to it may seem judicious; and the Trustee in such case shall have the right to manage the mortgaged and pledged premises and property and to carry on the business and to exercise all the rights and powers of the California Corporation, either in the name of the California Corporation or otherwise, as the Trustee shall deem best; and the Trustee shall be entitled to collect and receive all tolls, earnings, incomes, rents, issues and profits of the mortgaged and pledged premises and property and every part thereof; and, after deducting the expenses of operating said plants, premises and other property, and conducting the business thereof, and of repairs, maintenance, renewals, replacements, alterations, additions, betterments and improvements, and all payments which may be made for taxes, assessments, insurance and prior or other proper charges upon the said plants, premises or property or any part thereof, as well as just and reasonable compensation for its own services and for the services of all counsel, agents and employees by it properly engaged and employed, it shall apply the moneys arising as aforesaid as follows:

First: In case the principal of the bonds hereby secured shall not have become due, to the payment of the interest in default in the order of the maturity of the installments of such interest with interest thereon at the rate of five per cent. per annum, such payments

to be made ratably to the persons entitled thereto without any discrimination or preference, subject however to Section 6 of Article Four hereof;

SECOND: In case the principal of the bonds hereby secured shall have become due, by declaration or otherwise, first, to the payment of the accrued interest (with interest on the overdue installments thereof at the rate of five per cent. per annum) in the order of the maturity of the installments, subject, however, to Section 6 of Article Four hereof, and next, if any surplus remain, towards the payment of the principal of all bonds hereby secured, such payments in every instance to be made ratably to the persons entitled thereto without any discrimination or preference.

Upon the payment in full of whatever may be due for principal or interest or both (as the case may be) and be payable for other purposes, the mortgaged property and premises shall be returned to the California Corporation.

Upon the happening of any of the events of default hereinbefore specified, and during the continuance of such defaults, the Trustee shall be entitled, whether or not it shall have exercised the right of entry by this Section conferred, for the benefit of the holders of the bonds hereby secured to receive and collect all interest moneys and all dividends maturing and payable upon all bonds and stocks then held by it hereunder, and shall apply all moneys so received in the manner in this Section prescribed in respect of the tolls, earnings, income, rents, issues and profits of the mortgaged and

pledged premises and property; and as holder of such bonds and shares of stock the Trustee shall be entitled to perform any and all acts and to make or execute any and all transfers, requests, requisitions or other instruments for the purpose of carrying out the provisions of this Section; but in the event that a receiver of the mortgaged and pledged premises and property shall have been appointed hereunder and shall be in possession thereof, the Trustee from time to time in its discretion, may, and, if requested by the holders of a majority in amount of the bonds hereby secured and then outstanding, the Trustee shall turn over any part or all of the interest moneys and dividends so collected by it to such receiver and may cooperate with such receiver in managing and operating the premises and property of the California Corporation, subject to the lien of this Indenture, in such manner as the Trustee shall deem for the best interests of the holders of the bonds hereby secured; but, notwithstanding the appointment of any receiver, the Trustee shall not be obliged to deliver to the receiver any bonds or shares of stock mortgaged or pledged hereunder, but shall be entitled itself to retain possession of the same.

In case, at any time when the mortgaged and pledged premises and property shall be in the possession of the Trustee or of any receiver, the income and profits received from the mortgaged and pledged premises and property, after deducting all expenses properly chargeable against the same, shall be insufficient to

pay all the interest upon bonds secured hereby which was due when the Trustee, or such receiver, took possession of the mortgaged property and premises, and all interest which may fall due while the Trustee, or such receiver, is in possession thereof, then the continuance of a default which shall have occurred before the Trustee or receiver took possession of the property, or the failure to pay interest maturing while the Trustee or such receiver shall be in possession of the property and premises, shall entitle the Trustee and the bondholders to the same rights and remedies as are herein or by law provided upon the continuance of such default or the failure to pay such interest, as the case may be, in all respects as if the California Corporation had continued in possession of said property and premises.

Section 2. In case default shall be made in the payment of any semi-annual instalment of interest on any bond hereby secured when the same shall become payable, and any such instalment shall remain unpaid for a period of six months, or in case default shall be made in the payment annually to the Trustee of any sum payable for the sinking fund as provided in Article Nine of this Indenture, and any such last-mentioned default shall continue for a period of six months after written notice thereof to the California Corporation from the Trustee, or in case an order or decree shall be made for the appointment of a receiver of the California Corporation or of the properties subject to the lien hereof or any part thereof, the Trustee may, and, upon

the written request of holders of a majority in amount of the bonds hereby secured then outstanding, shall, by notice in writing delivered to the California Corporation, declare the principal of all bonds hereby secured then outstanding to be due and payable immediately, and upon any such declaration the same shall become and be immediately due and payable, anything in this Indenture or in said bonds contained to the contrary notwithstanding. This provision is, however, subject to the condition that if, at any time after the principal of said bonds shall have been so declared due and payable, and before any sale of the mortgaged and pledged premises and property or any part thereof shall have been had, all arrears of interest upon all bonds hereby secured then outstanding, with interest on overdue instalments of interest, and all expenses properly incurred by the Trustee and by any receiver duly appointed of the mortgaged and pledged premises and property or any part thereof, and the compensation of the Trustee and of such receiver, and all liens and charges having priority to or preference over the lien of these presents upon the mortgaged and pledged premises and property, or any part thereof, or upon the income thereof, including all taxes, assessments and governmental charges lawfully imposed thereon, and all taxes, assessments and governmental charges lawfully imposed upon the lien or interest of the Trustee under this Indenture which, by the terms hereof, the California Corporation is under obligation to pay, shall be paid by the California Corporation to the Trustee, or

in case such amounts shall have been collected out of the income of the mortgaged and pledged premises and property before any sale of the mortgaged and pledged premises and property or any part thereof shall have been had, and if any receiver of the California Corporation or of its property theretofore appointed shall have been discharged and possession of the property and business of the California Corporation restored to it, and if any proceeding for the winding up or liquidation of the business or affairs of the California Corporation theretofore taken shall have been discontinued, then and in every such case, such declaration and its consequences shall *ipso facto* be rescinded and annulled; but no such rescission and annullment shall extend to or affect any subsequent default, or impair any right consequent thereon.

Section 3. If one or more of the events of default shall happen, the Trustee, with or without entry, personally or by attorney, in its discretion either (*a*) may sell at public auction all and singular the mortgaged and pledged premises and property, rights and franchises, and all stocks, bonds and other obligations, contracts, agreements and interests of every description held by the Trustee or in any manner subject to this indenture, and all right, title, interest, claim and demand therein, and right of redemption thereof, or (*b*) may proceed to protect and enforce all the rights of the bondholders under this Indenture, by a suit or suits in equity or at law either for the specific performance of any covenant or agreement contained herein or in aid of the execu-

tion of any power herein granted or for the foreclosure of this Indenture or for any default or for the collection of the interest or principal, or both, or for the enforcement of any other appropriate legal or equitable remedy, as the Trustee shall deem most effectual in support of any of its rights or duties hereunder.

Section 4. Upon filing a bill in equity or upon other commencement of judicial proceedings, as provided in the foregoing Section of this Article, the Trustee shall be entitled to exercise the right of entry herein conferred, and any and all rights and powers herein conferred and provided to be exercised by the Trustee upon the occurrence and continuance of any default as hereinbefore provided, and, as a matter of right, the Trustee shall be entitled to the appointment of a receiver of the premises and property hereby mortgaged and pledged, and of the tolls, earnings, revenue, rents, issues, profits and other income thereof, with such power as the court making such appointment shall confer, and shall be entitled to the application by any such receiver of the net income for the benefit of the holders of the bonds issued hereunder, in accordance with the trusts herein declared. Except as herein expressly provided to the contrary, no remedy in this Indenture conferred upon or reserved to the Trustee and bondholders is intended to be exclusive of any other remedy, but every remedy in this Indenture provided shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute; and every power and remedy given by

this Indenture to the Trustee or to the bondholders may be exercised from time to time and as often as may be deemed expedient. No delay or omission of the Trustee, or of any holder of bonds hereby secured, to exercise any right or power arising from any default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein. In case the Trustee shall have proceeded to enforce any right under this Indenture by foreclosure, entry or otherwise, and such proceedings shall have been discontinued and abandoned because of a waiver or for any other reason, or shall have been determined adversely to the Trustee, then and in every such case the California Corporation and the Trustee shall severally and respectively be restored to their former position and rights hereunder in respect of the mortgaged and pledged premises and property, and all rights, remedies and powers of the Trustee shall continue as though no such proceedings had been taken.

SECTION 5. In the event of any sale under or by virtue of the power of sale herein contained or by virtue of judicial proceedings, the whole of the premises and property hereby conveyed, mortgaged or pledged, including all stocks, bonds and other obligations, agreements, contracts and interests of every description, held by the Trustee or in any way subject to this Indenture, shall be sold in one parcel as an entirety, unless the Trustee shall elect to sell in several parcels; but, if the holders of a majority in amount of bonds hereby secured then outstanding shall in writing request the Trustee to cause

said premises and property to be sold either in one parcel as an entirety or in several parcels, the sale shall, so far as the law may allow, be made in one parcel as an entirety or in several parcels as may be specified in such request, and at such time or times, and place or places, as may be designated therein; but any sale of the mortgaged property and franchises and property appurtenant thereto or appertaining to the use thereof shall be made at the City and County of San Francisco, in the State of California.

Notice of any such sale shall state the time and place when and where the same is to be made, and shall contain a brief general description of the property to be sold, and shall be published once in each week for at least six successive weeks prior to such sale in a newspaper published in San Francisco, California, and a newspaper published in New York City, New York.

The Trustee may adjourn or cause to be adjourned any such sale from time to time by announcement at the time and place appointed for such sale, or for such adjourned sale, and, without further notice or publication, such sale may be made at the time and place to which the same shall be so adjourned.

SECTION 6. In case of sale of the mortgaged or pledged premises or property, whether under the power of sale hereby granted or pursuant to judicial proceedings, the whole of the principal sum of the bonds hereby secured, if not previously due, shall, at the option of the

Trustee or of the holders of a majority in amount of the bonds hereby secured and then outstanding, at once become due and payable, anything in said bonds or in this Indenture to the contrary notwithstanding.

Section 7. California Corporation covenants and agrees that it will not at any time insist upon, or plead, or in any manner whatever claim, or take the benefit or advantage of any stay or extension law now or at any time hereafter in force, nor will it claim, take or insist upon any benefit or advantage from any law now or hereafter in force providing for the valuation or appraisement of the mortgaged or pledged premises or property prior to any sale or sales thereof; nor will it, after any such sale or sales, claim or exercise any right under any statute to redeem the property so sold or any part thereof; and it hereby expressly waives all benefit and advantage of any such law or laws, and covenants that it will not hinder, delay or impede the execution of any power herein granted and delegated to the Trustee, but that it will suffer and permit the execution of every such power as though no such law or laws had been made or enacted. In case any law such as is hereinabove in this Section mentioned or referred to and now in force, of which the California Corporation might take advantage despite the provisions hereof, shall hereafter be repealed or cease to be in force, such law shall not be deemed to have become or to constitute any part of the contract contained in this Indenture.

Section 8. Upon the completion of any sale or sales the Trustee shall execute and deliver to the accepted purchaser or purchasers a deed or deeds of transfer and release of the premises and property sold, or shall execute and deliver in conjunction with the deed or deeds of the person or officer conducting such sale a proper release of such premises and property, and the Trustee shall deliver to such purchaser or purchasers all bonds, obligations and the certificates of all shares of stock, agreements and contracts, held by it and sold to such purchaser or purchasers together with proper assignments and transfers of such bonds, obligations and shares, agreements and contracts. The Trustee and its successor or successors are hereby appointed the true and lawful attorney or attorneys irrevocable of the California Corporation, in its name and stead, to make all necessary deeds of conveyance, sale and transfer of the premises and property hereby conveyed, mortgaged or pledged, and for that purpose may execute all necessary acts of conveyance, assignment and transfer, and may substitute one or more persons with like power, the California Corporation hereby ratifying and confirming all that its said attorney or attorneys, or such substitute or substitutes, shall lawfully do by virtue hereof. Any such sale or sales made under or by virtue of this Indenture, either under the power of sale hereby granted and conferred, or under or by virtue of judicial proceedings, shall divest all right, title, interest, estate, claim and demand whatsoever, either at law or in equity, of the California Corporation, of, in and to the premises and prop-

erty sold, and shall be a perpetual bar both at law and in equity against the California Corporation, its successors and assigns, and against any and all persons claiming or to claim the premises and property sold or any part thereof, from, through or under the California Corporation, its successors or assigns. Nevertheless, the California Corporation shall, if so requested by the Trustee, ratify and confirm such sale by executing and delivering to the Trustee or to such purchaser or purchasers, all proper deeds, conveyances and releases as may be designated in such request.

The receipt of the Trustee or of the person or officer conducting any such sale shall be a sufficient discharge for the purchase money to any purchaser of the property, or any part thereof, sold as aforesaid, and no such purchaser, nor his representatives, grantees or assigns, after paying such purchase money and receiving such receipt, shall be bound to see to the application of such purchase money upon or for any trust or purpose of this Indenture, or be answerable in any manner whatsoever for any loss, misapplication or non-application of any such purchase money or any part thereof.

SECTION 9. The purchase money, proceeds or avails of any sale of the mortgaged and pledged premises and property, together with any other moneys which may then be held by the Trustee or be payable to it under any of the provisions of this Indenture as part of the trust estate, shall be applied as follows:

First. To the payment of the costs, expenses, fees and other charges of said sale, and a reasonable com-

pensation to the Trustee, its agents and attorneys, and the payment of all expenses, liabilities and advances incurred or disbursements made by the Trustee, and to the payment of all taxes, assessments or liens prior to the lien of these presents, except any taxes, assessments or other superior liens subject to which such sale shall have been made.

Second. To the payment of the whole amount due, owing or unpaid upon the bonds hereby secured for principal and interest, with interest on the overdue instalments of interest at the rate of five per cent. per annum, and, in case such proceeds shall be insufficient to pay in full the whole amount so due and unpaid upon the said bonds, then to the payment of such principal and interest without preference or priority of principal over interest or of interest over principal or of any instalment of interest over any other instalment of interest, ratably, according to the aggregate of such principal and the accrued and unpaid interest, subject, however, to Section 6 of Article Four hereof.

Third. Any surplus then remaining to the California Corporation, its successors or assigns, or to whomsoever may be lawfully entitled to receive the same.

Section 10. In case of sale of the mortgaged and pledged premises and property or any part thereof, the purchaser, in settlement or payment for the property purchased, shall be entitled to use and apply towards payment of the purchase price of the property purchased any bonds and any matured and unpaid interest and coupons hereby secured, by presenting such bonds, and

coupons (in the case of coupon bonds) so that there may be credited and endorsed or stamped as paid thereon the sums applicable to such payment out of the net proceeds of such sale as provided in Section 9 of this Article; and such purchaser shall thereupon be credited on account of the purchase price payable by him with the sums so applicable and credited on the bonds and coupons so presented. Such bonds and coupons so presented by the purchaser shall be deemed to be paid only to the extent of the amounts so credited as paid thereon; provided, however, that no coupon, the payment of which shall have been extended, or which shall have been transferred or pledged separate and apart from the bond to which it relates, unless accompanied by such bond, shall be accepted on account of payment of purchase money for said property.

At any such sale the Trustee, or any bondholders or their agents, may bid for and purchase such property and may make payment therefor as aforesaid, and, upon compliance with the terms of sale, may hold, retain and dispose of such property without further accountability.

Section 11. Upon the written request of the holders of twenty per cent. in amount of the bonds hereby secured then outstanding, in case of any default as aforesaid, it shall be the duty of the Trustee to give to the California Corporation any notice of default which the Trustee is authorized to give hereunder, and upon being indemnified as hereinafter provided, to take all needful steps for the protection and enforcement of its rights and the rights of the holders of the bonds hereby secured, or

to exercise the powers of entry and sale herein conferred, or to commence appropriate judicial proceedings by action, suit or otherwise, as the Trustee shal deem most expedient in the interest of the holders of the bonds hereby secured; but, anything in this Indenture contained to the contrary notwithstanding, the holders of a majority in amount of the bonds hereby secured and outstanding, shall have the right, from time to time, if they so elect and manifest such election by an instrument in writing, executed and delivered to the Trustee, to direct and control the method of conducting any and all proceedings for any sale of the premises and property hereby conveyed, mortgaged and pledged, or for the foreclosure of this Indenture, or for the appointment of a receiver, or any other action or proceeding hereunder, and for such purpose to instruct the Trustee to exercise its right of election to declare said bonds due or to waive the exercise of the same, or, if exercised, to annul the same or to institute, continue or discontinue any proceedings hereunder; and no such action by the Trustee, or by such majority, in at any time waiving any default or otherwise, shall extend to or be taken to affect any subsequent default, or impair any right resulting therefrom. But nothing herein contained shall be construed as requiring any direction or action on the part of bondholders to enable the Trustee to act in its discretion in any case where such action by bondholders is not herein expressly required.

Section 12. In case default shall be made in the payment of any interest on any bond hereby secured, or in

case default shall be made in the payment of the principal of any such bond when the same shall become payable, whether at the maturity of said bond, or by declaration as authorized by this Indenture, or by a sale of the mortgaged and pledged premises and property as hereinbefore provided, then, upon demand of the Trustee, the California Corporation agrees and covenants that it will pay to the Trustee, for the benefit of the holders of the bonds and coupons hereby secured and then outstanding, the whole amount which shall then be due and payable on all such bonds and coupons for principal or interest, or both, as the case may be, with interest upon the overdue principal and instalments of interest; and, in case the California Corporation shall fail to pay the same forthwith upon such demand, the Trustee, in its own name and as trustee of an express trust, shall be entitled to recover judgment for the whole amount so due and unpaid. The Trustee shall be entitled to recover judgment as aforesaid before or after or during the pendency of any proceeding for the enforcement of the lien of this Indenture upon the mortgaged and pledged premises and property, and the right of the Trustee to recover such judgment shall not be affected by any entry or sale hereunder, or by the exercise of any other right, power or remedy for the enforcement of the provisions of this Indenture, or by the foreclosure of the lien hereof; and in case of a sale of the mortgaged and pledged premises and property, either under any power hereby granted or under judicial decree, and of the application of the proceeds of sale to the payment of the mort-

gage debt, the Trustee in its own name and as Trustee of an express trust, shall be entitled to receive and to enforce payment of any and all deficiency or amounts then remaining due and unpaid upon any and all of the bonds issued hereunder and then outstanding for the benefit of the holders hereof, and shall be entitled to recover judgment for any portion of the mortgage debt remaining unpaid, with interest. No recovery of any judgment by the Trustee and no levy of any execution under any such judgment upon property subject to the lien of this Indenture, or upon any other property, shall in any manner, or to any extent, affect or impair the lien of the Trustee upon the mortgaged and pledged premises and property or any part thereof, or any rights, powers, or remedies of the Trustee hereunder, or any rights, powers, or remedies of the holders of the bonds hereby secured, but such lien, rights, powers and remedies shall continue unaffected and unimpaired as before, except as against the purchaser of the mortgaged and pledged premises and other property at any sale made by the Trustee hereunder or under judicial decree. Any moneys thus recovered or collected by the Trustee under this Article, less the cost and expenses of collection and the reasonable compensation of the Trustee, shall be applied by the Trustee towards payment to the holders of such bonds and coupons of the amounts due and unpaid upon such bonds and coupons respectively, such payment in every instance to be made ratably, and without any preference or priority, upon presentation of the respective bonds and coupons

and endorsement of such payment thereon, if partly paid, or upon cancellation thereof, if paid in full, subject however to the provisions of Section 6 of Article Four hereof.

Notwithstanding the foregoing provisions of this section, the powers hereby granted to the Trustee are strictly subject to the limitation that if, by the commencement of any action at law to recover judgment for any amount due and unpaid upon said bonds or hereunder, or by the exercise of any other remedy prior to or concurrently with proceedings to enforce the lien of this Indenture upon the mortgaged and pledged premises and property, the lien of this Indenture upon said premises and property or the security hereby provided for would, despite the foregoing provisions of this section, be surrendered, waived or lost, the Trustee shall have no power to commence such action at law or to exercise such prior or concurrent remedy. But in case any statute now in force providing in terms or effect that the commencement of an action to recover a debt secured by mortgage shall be deemed a waiver of such security, or prohibiting the exercise of any other remedy prior to or concurrently with proceedings to enforce the lien of a mortgage upon the premises mortgaged, or any statute which now impairs or suspends the virtue of the foregoing provisions of this section and of which the California Corporation might take advantage, despite said provisions, shall hereafter be repealed or cease to be in force, such statute shall not be deemed to have become

or to be a part of the contract contained in this Indenture.

Section 13. Any request or other instrument required by this Indenture to be signed or executed by bondholders may be in any number of documents of similar tenor, and may be signed or executed by such bondholders in person, or by agent or attorney appointed in writing. Proof of the execution of such a request or other instrument, or of a writing appointing any such agent or attorney, or of the holding by any person of coupon bonds transferable by delivery, or of the ownership of registered bonds, shall be sufficient for any purpose of this Indenture and shall be conclusive in favor of the Trustee with regard to any action taken by it under such request or other instrument, if made in the following manner, viz.: (1) The fact and date of the execution by any person of any such request or other instrument or writing may be proved by the certificate of any notary public or other officer authorized to take acknowledgments of deeds to be recorded in any State within the United States, certifying that the person signing such request or other instrument acknowledged to him the execution thereof, or by the affidavit of a witness to such execution duly sworn to before any such notary public or other officer. (2) The amount of coupon bonds transferable by delivery held by any person executing any such request or other instrument as a bondholder, and the amounts and issue numbers of the bonds held by such person and the date of his holding the same, may be proved by a certificate executed by

any trust company, bank, or other depositary (wherever situated) whose certificate may be deemed by the Trustee to be satisfactory, showing that such person had on deposit with such depositary or exhibited to it the bonds described in such certificate at the date therein mentioned. (3) The ownership of registered bonds shall be proved by the books for the registry of such bonds provided for in this Indenture.

The Trustee shall not be bound to recognize any person as a bondholder unless and until his title to the bonds held by him is proved in the manner prescribed in this Section.

SECTION 14. No holder of any bond or coupon hereby secured shall have any right to institute any suit, action or proceeding at law or in equity upon or in respect of this Indenture, or for the execution of any trust or power thereof, or for the appointment of a receiver, or for any other remedy under or upon this Indenture, unless such holder shall previously have given to the Trustee written notice of any existing default and of the continuance thereof as hereinbefore provided; nor unless also the holders of twenty per cent in amount of the bonds hereby secured then outstanding shall have made written request to the Trustee and shall have afforded to it reasonable opportunity itself to proceed to exercise the powers hereinbefore granted, or to institute such action, suit or proceeding in its own name, nor unless, also, such holder or holders shall have offered to the Trustee satisfactory security and indemnity against the costs, expenses and liabilities to be incurred therein or thereby,

and the Trustee shall have refused or neglected to comply with such request within a reasonable time thereafter; and such notification, request, and offer of indemnity are hereby declared, in every such case, at the option of the Trustee, to be conditions precedent to any action or cause of action for foreclosure or for the appointment of a receiver, and to the institution of any such suit, action or proceeding and to any other remedy hereunder; it being understood and intended that no one or more holders of bonds or coupons shall have any right in any manner whatever to affect, disturb or prejudice the lien of this Indenture by his or their action, or to enforce any right hereunder, except in the manner herein provided, and that all proceedings hereunder at law or in equity shall be instituted, had and maintained in the manner herein provided and for the equal benefit of all holders of such outstanding bonds and coupons, and that any action, suit or proceeding instituted by bondholders under this Section shall be controlled by the holders of a majority in amount of the bonds secured hereby and then outstanding, as provided in Section 11 of this Article.

Section 15. In case the California Corporation shall make default in any of the respects mentioned in this article and at any time during the continuance of such default there shall be any existing judgment against the California Corporation unstayed and unsecured by bond on appeal, or in case, in any judicial proceeding by any party other than the Trustee, a receiver of the California Corporation shall be appointed, or a judgment or order

entered for the sequestration of its property, the Trustee shall be entitled forthwith, and, if it shall so elect, without declaring the principal of the bonds secured hereby to be due and payable, to exercise the right of entry herein conferred without awaiting the expiration of the prescribed period of default, and also any and all other rights and powers in this Indenture conferred and provided to be exercised by the Trustee upon the occurrence and continuance of default as hereinbefore provided; and, as a matter of right, the Trustee shall thereupon be entitled to the appointment of a receiver of the mortgaged and pledged franchises and property and of the tolls, earnings, income, rents, issues and profits thereof, with such powers as the court making such appointment shall confer.

ARTICLE SEVEN.

RELEASES OF MORTGAGED PROPERTY.

SECTION 1. On the written request of the President or Vice-President of the California Corporation approved of or authorized by the resolution of its Board of Directors from time to time while the California Corporation is in possession thereof, but subject to the conditions and limitations in this section prescribed and not otherwise, the Trustee shall release from the lien and operation of this Indenture any part of the mortgaged property and premises (excepting the agreement for the purchase of the stock of the South Yuba Water Company and shares of stock pledged under this Indenture) provided that no part of the property and premises sub-

ject to this indenture shall be released hereunder unless at the time of such release it no longer shall be necessary or advantageous to retain the same for the operation, maintenance or use in the business of the California Corporation and no such release shall be made unless the California Corporation shall have sold or shall have contracted to exchange for other property or to sell the property so to be released. The proceeds of any and all such sales and all moneys received as compensation for any property subject to this Indenture taken by exercise of the power of eminent domain (unless applied in accordance with the requirements of the said Indentures severally and respectively constituting prior liens on the mortgaged and pledged premises or on parts thereof) shall be held by the Trustee and applied at the request of the California Corporation, with the approval of the Trustee to the purchase of other property, real or personal or for betterments of or improvements upon any part of the mortgaged premises, or added to the sinking fund and used as other moneys in the sinking fund are used, for purchasing or redeeming any of the bonds issued hereunder, or any underlying bonds. Any new property acquired by the California Corporation to take the place of any property released hereunder *ipso facto* shall become and be subject to this Indenture as much as if specifically mortgaged or assigned hereby, but, if requested by the Trustee, the California Corporation will convey and assign the same to the Trustee by appropriate deeds or other instruments upon the trusts and for the pur-

poses of this Indenture and will cause the same to be recorded and filed in such manner as to properly secure and continue the lien of this Indenture thereon. The California Corporation from time to time, while in possession of any of the property subject to this Indenture, also shall have full power, in its discretion, to dispose of any portion of the apparatus, machinery, equipment, tools and implements at any time subject to the lien hereof, which may have become worn out or otherwise unfit for use, replacing the same by new apparatus, machinery, equipment, tools or implements of equal value, which shall be subject to this Indenture. In no event shall any purchaser or purchasers of any property sold or disposed of under any provision of this article be required to see to the application of the purchase money paid under the provisions of this article. Nothing in this Indenture shall interfere with the right of the California Corporation in regular course of business to dispose of, free from the lien of this Indenture, any bonds or bills receivable held in its treasury or in the treasury of any constituent company, and to use the proceeds thereof for its general corporate purposes.

Section 2. In case any of the property subject to this Indenture shall be in the possession of a receiver lawfully appointed, the powers in and by this article conferred upon the California Corporation may be exercised by such receiver with the approval of the Trustee, and if the Trustee shall be in possession of any such property under any provision of this Indenture then all of the powers by this article conferred upon the Cali-

fornia Corporation may be exercised by the Trustee in its discretion.

SECTION 3. A certificate signed by the President or Vice-President or Chief Engineer of the California Corporation may be received by the Trustee as conclusive evidence of any of the facts mentioned in this article and shall be full warrant and protection to the Trustee for its action on the faith thereof, but the Trustee may, in its discretion, at the expense of the California Corporation, through agents or otherwise, make such independent investigation of said facts as it may deem necessary.

SECTION 4. Nothing in this article contained shall be construed to authorize the California Corporation, so long as any bonds are outstanding under the General and Collateral Trust Mortgage of the Pacific Company, dated January 2, 1906, to sell or convey any of its property contrary to the covenants or conditions of the said General and Collateral Trust Mortgage, or to require the Trustee hereunder to execute any release of any property subject to the lien hereof except such property as the California Corporation shall have the right to sell or convey under the terms and conditions of said General and Collateral Trust Mortgage.

ARTICLE EIGHT.

REDEMPTION OF BONDS.

SECTION 1. The California Corporation may, upon any semi-annual interest day prior to the date of the

maturity of the bonds issued under this Indenture, pay and redeem all of said bonds, but not any part thereof less than all, at their face value and a premium of ten per cent. and accrued interest, provided that not less than sixty days' previous notice of the intention to make such redemption shall have been given, by mail, to the holders of coupon bonds which have been registered and of registered bonds at the addresses, if any, furnished by them to the California Corporation, and by publication at least once a week for eight successive weeks in at least one daily newspaper of the City of San Francisco, California, and in one daily newspaper published in New York City, and such notice shall state that the California Corporation will redeem all of said bonds at their face value and a premium of ten per cent. and accrued interest on the day specified in such notice, such day being not less than sixty days nor more than three calendar months from the date of the first publication of such notice, and that after said date interest upon said bonds will cease to accrue.

SECTION 2. Upon the completion of the publication of said notice of redemption, there shall become due and payable by the California Corporation on the day of redemption specified in said notice, at the office or agency of the California Corporation in the City of San Francisco, the principal of all the then outstanding bonds hereby secured, together with the interest then due thereon and a premium of ten per cent. of the face value of said bonds, and thereupon the California Corporation shall pay such principal and said premium, upon the

presentation of said bonds for payment as provided in Section 3 of this article.

SECTION 3. Such redemption shall be provided for and made by depositing with the Trustee (which shall be the fiscal agent of the California Corporation for this purpose) in gold coin of the United States of America of or equal to the present standard of weight and fineness, or its equivalent, such sum as may be sufficient to pay the principal and the premium of the bonds and the interest accrued up to the date of redemption upon all of the bonds hereby secured and at the time outstanding, and if such deposit shall be made all interest shall cease to accrue upon said bonds after the date of redemption specified in the notice provided for by this article, and the coupons or claims for interest subsequent to said date shall be and become void. All bonds redeemed and paid as in this article provided shall forthwith be canceled in the presence of a representative of the Trustee and a representative of the California Corporation, and the Trustee shall thereupon note upon this Indenture the fact of such cancellation and deliver the bonds so canceled, together with the coupons appertaining thereto, to the California Corporation.

SECTION 4. The redemption provided for by this article shall not be made so long as any bonds secured by the General and Collateral Trust Mortgage of the Pacific Company remain outstanding.

ARTICLE NINE.

SINKING FUND.

SECTION 1. The California Corporation will create and maintain a sinking fund, to be specially applied to the purchase, redemption, and payment of the underlying bonds and of the bonds issued under this Indenture on or before their maturity, and for that purpose will pay to the Trustee on the first day of November, 1912, and on the same day in each and every year thereafter to and including 1916, the sum of $450,000; on the first day of November, 1917, and on the same day in each and every year thereafter up to and including the year 1921, the sum of $550,000; on the first day of November, 1922, and on the same day in each and every year thereafter up to and including 1926, the sum of $700,000; and on the first day of November, 1927, and on the same day of each and every year thereafter up to and including the year 1936, the sum of $900,000, provided, however, that the California Corporation may, at its option, in place of making such annual payment in cash, deliver to the Trustee bonds owned by it and issued under this Indenture, or any of said underlying bonds, which shall be received by the Trustee at par and accrued interest in place of cash and thereafter shall be set apart and held by the Trustee for the purposes of said sinking fund. The California Corporation shall have the right to deduct from any such annual payment to be made by it on account of the sinking fund herein provided all sums paid by it during the year next preceding the date when such sinking fund payment is

payable, on account of the sinking funds required to be created and maintained under the respective mortgages securing the payment of the underlying bonds, upon filing with the Trustee satisfactory receipts or other evidence showing the making of such payments.

Immediately upon any payment being made into the sinking fund, the Trustee shall in its discretion either purchase in the open market at the then market price thereof, but not exceeding par and accrued interest, as many of the bonds issued under this Indenture or in the discretion of the Trustee as many of the underlying bonds as can be acquired with the sum so paid, and any additional funds that the Trustee may then have in its possession for the account of such sinking fund, or shall publish notice in one daily newspaper in the City of San Francisco and in the City of New York, for such length of time as the board of directors of the California Corporation or its executive committee may order, not less than once a week for four weeks, that bonds issued under this Indenture or underlying bonds, as the Trustee may determine, will be purchased therewith for the sinking fund, and inviting bids for the sale of such bonds at prices to be named by the bidders, and upon the reception of said bids the lowest bid or bids (not more than 110% of their face value and accrued interest) may be accepted and bonds purchased to the extent of the money in the sinking fund.

Section 2. If the Trustee shall not purchase, as provided in Section 1 hereof, a sufficient number of bonds

to permit the investment therein of all moneys available for such purpose in the sinking fund within sixty days after the payment of any instalment of said sinking fund moneys to the Trustee, the Trustee may, and upon the request of the California Corporation shall, thereupon draw by lot a number of bonds, sufficient, at the price of one hundred and ten per cent. of their face value and accrued interest, to absorb all of said available moneys, and shall thereupon advertise the numbers of the bonds so drawn, in a daily newspaper of general circulation in the City of San Francisco and in a daily newspaper of general circulation in the City of New York once a week for three successive weeks, and by such advertisement shall require such bonds so numbered to be presented at the office of the Trustee (which for that purpose shall be the agency of the California Corporation) on a date specified in such advertisement, such date being not less than thirty days nor more than forty-two days from the date of the first publication of such advertisement, and shall state that interest upon said bonds so numbered will cease to accrue upon said date therein named for the presentation of said bonds. If any of said bonds so drawn be registered, or be registered bonds, a similar notice shall be sent by the Trustee to the registered holder thereof at his address as the same appears upon the bond register.

Interest upon the bonds so drawn shall cease to accrue on a date to be named in said advertisement and on or after said day said bonds, upon presentation and surrender thereof with all matured coupons, if coupon bonds,

shall be purchased by the Trustee for the California Corporation at the price of one hundred and ten per cent. of the face value thereof and accrued interest to said date. If any of the bonds so drawn shall not be presented for payment, the moneys applicable to the payment of such bonds shall thereafter be held by the Trustee upon a special trust for the redemption of such bonds when the same shall be presented and surrendered; provided that if any of said bonds shall not be presented and surrendered within six years from the date so fixed, the moneys so held upon special trust for their redemption shall cease to be held upon such special trust and shall be added to the other sinking-fund moneys and thereafter applied as if such moneys had never been set aside for the redemption of bonds.

Any surplus at any time remaining after the redemption of bonds as above provided, except such moneys as are held in special trust as aforesaid, so long as such moneys are so held, shall be held by the Trustee to be added to and used in connection with additional payments made to it from time to time by the California Corporation under this article. In the event of redemption by the California Corporation at any time of all the outstanding bonds secured by this Indenture, all moneys then in the hands of the Trustee under the provisions of this article or any other provision of this Indenture shall be payable to the California Corporation and, upon its request, evidenced by a certified copy of a resolution of its board of directors, shall

be applied by the Trustee, to the extent of such moneys, to the redemption and payment of said bonds.

SECTION 3. All bonds at any time held by the Trustee for the sinking fund, including bonds redeemed from the sinking fund as provided in Section 2, shall be held by the Trustee as purchaser and shall continue to be negotiable and to draw interest, and such interest shall be added to and become a part of the sinking fund, provided that when all of any issue of underlying bonds shall have been deposited with the Trustee subject to this Indenture, as herein provided, except such bonds of said issue then in the sinking fund, such last-mentioned bonds shall be treated as if so deposited with the Trustee hereunder and shall be retired and canceled simultaneously with and upon the same terms and conditions as the other bonds of said issue.

ARTICLE TEN.

POSSESSION OF MORTGAGED PROPERTY UNTIL DEFAULT.

SECTION 1. Until some default shall have been made in the due and punctual payment of the interest or the principal of the bonds hereby secured, or of some part of such interest or principal, or in the due and punctual performance and observance of some covenant or condition hereof obligatory upon the California Corporation, and until such default shall have continued beyond the period of grace, if any, herein provided in respect thereof, the California Corporation, its successors and assigns, shall be suffered and permitted to retain actual

possession of all the property and premises hereby mortgaged, and to manage, operate and use the same and every part thereof, with the rights and franchises appertaining thereto, and to collect, receive, take, use and enjoy the tolls, earnings, income, rents, issues and profits thereof.

Section 2. If, when the bonds hereby secured shall have become due and payable, the California Corporation shall well and truly pay, or cause to be paid, the whole amount of the principal moneys and the interest due upon all of the bonds and the coupons for interest upon coupon bonds hereby secured and then outstanding, or shall provide for such payment by depositing with the said Trustee hereunder, for the payment of such bonds and coupons, the entire amount due and to become due thereon for principal and interest, or shall at any time deliver or cause to be delivered to the Trustee for cancellation and destruction all of the bonds issued hereunder, together with all unmatured coupons thereunto belonging, and shall also pay or cause to be paid all other sums payable hereunder and shall well and truly keep, perform and observe all the things herein required to be kept, performed and observed by it according to the true intent and meaning of this Indenture, then and in that case all property, rights and interests hereby conveyed shall revert to the California Corporation, or to whomsoever may be entitled thereto, and the estate, right, title and interest of the Trustee therein shall thereupon cease, determine and become void, and the Trustee, in such case, on demand of the California Cor-

poration, and at its cost and expense, shall enter satisfaction and discharge of this Indenture upon the public records, and deliver to the California Corporation, or to whomsoever may be entitled thereto, all securities, moneys or other property held by it as Trustee hereunder.

ARTICLE ELEVEN.

CONCERNING THE TRUSTEE.

SECTION 1. The Trustee may select and employ, in and about the execution of the trusts hereby created and the duties hereby imposed, suitable agents, attorneys and counsel, whose reasonable compensation shall be paid by the party of the first part to the Trustee, or, in default of such payment, shall be a charge upon the property hereby conveyed and the proceeds thereof paramount to the bonds issued hereunder and the interest thereon. The Trustee shall not be answerable for the default or misconduct of any agent, attorney, counsel or employee appointed by it in pursuance hereof if such agent, attorney, counsel or employee shall have been selected with reasonable care, nor for anything whatever in connection with this trust, except for its willful misconduct or gross negligence. The Trustee shall not be personally liable for any debts contracted by it, nor for damages to persons or property nor for salaries or non-fulfillment of contracts, during any period wherein the Trustee shall manage the trust premises or property upon entry or voluntary surrender as aforesaid. The Trustee shall not be responsible for the filing or record-

ing of this Indenture, and shall not be required to file or record the same as a chattel mortgage, nor to do any act whatever, other than the acceptance of this trust, for creating, perfecting or continuing the lien of this Indenture, nor to give notice of the existence of the lien hereof nor to extend or supplement the lien sought to be created hereby; but the California Corporation covenants that it will with all convenient speed cause this Indenture to be duly filed and recorded, and that it will do all other things requisite to create, perfect and continue the lien hereof.

The recitals, declarations and statements of fact herein contained, as also those contained in the bonds issued under the authority hereof, shall be taken as recitals, declarations or statements made by the California Corporation and shall not be construed as made by the Trustee, and the Trustee shall not be held in any wise liable or responsible for any thereof or for or under any covenants in this Indenture contained made by the California Corporation. Neither shall the Trustee be responsible for the application by the California Corporation of the bonds issued hereunder or the proceeds of said bonds.

The Trustee shall have no responsibility for or in respect of the validity or sufficiency of this Indenture, nor of the due execution thereof by the California Corporation, nor of the lien purported or intended to be hereby created, nor for or in respect of the title or value of the property hereinbefore or at any time hereafter conveyed or intended so to be.

The Trustee shall be under no duty to pay, nor to keep itself informed as to the payment of rents, taxes, or assessments upon the property hereinbefore described, nor to effect insurance against fire or other damage to any portion of the said property or to renew any policies of fire or other insurance thereon. The Trustee may, however, in its discretion, at the expense of the party of the first part, or of the trust estate, do or procure to be done any or all of the matters or things in this paragraph set forth; but no such action on its part shall be construed as a waiver of its exemption from responsibility therefor.

Section 2. The Trustee shall not be under any obligation to take any action towards the execution or enforcement of the trusts hereby created, which, in its opinion, will be likely to involve it in expense or liability, nor to defend any suit in respect hereof unless one or more of the holders of the bonds hereby secured shall, as often as required by the Trustee, furnish it satisfactory security and indemnity against such expense or liability, nor to take notice of any default hereunder unless notified in writing of such default by the holders of at least twenty per cent. in amount of the bonds hereby secured then outstanding, nor to take any action in respect of any default unless requested to take action in respect thereof by a writing signed by the holders of not less than twenty per cent. in amount of the bonds hereby secured and then outstanding, nor (except in case of a request to the Trustee to give notice of default as provided in Section 11 of Article Six) unless ten-

dered satisfactory security and indemnity as aforesaid, anything herein contained to the contrary notwithstanding; but the foregoing provisions of this section are intended only for the protection of the Trustee and shall not be construed to limit or affect any discretion or power by any provision of this Indenture given to the Trustee to determine whether or not it shall take action in respect of such default, nor any power or discretion of the Trustee to take action in respect of any default without such notice or request from bondholders.

The Trustee shall be protected and held harmless in acting upon any notice, request, consent, certificate, bond or other instrument or paper, provided for in this Indenture and believed by it to be genuine and to have been signed or executed by the proper party, and shall be entitled to receive the same in its discretion as conclusive proof of any fact or matter therein contained upon which or by reason whereof the Trustee may be required to act or in its discretion may act. As to any fact upon which the Trustee shall be required or permitted to take, or refrain from taking, action in respect of which this Indenture does not make specific provision for the evidence upon which the Trustee may act, the Trustee may accept as conclusive the certificate of the President or Vice-President and Secretary or Treasurer of the California Corporation.

The Trustee shall be entitled to reasonable compensation for all services rendered by it in the execution of the trusts hereby created, which compensation, as well as all its reasonable expenses necessarily incurred or

actually disbursed hereunder, including counsel fees, the California Corporation agrees to pay, and the Trustee shall have a lien prior to the lien of this Indenture upon the property hereby mortgaged for the payment of its compensation and reasonable expenses incurred hereunder.

SECTION 3. The Trustee or any trustee hereafter appointed may resign and be discharged from the trusts created by this Indenture by giving notice thereof to the California Corporation and to the bondholders, by publication, at least twice a week for four successive weeks, in one newspaper at that time published in the City of New York, in the State of New York, and one newspaper published in the City and County of San Francisco, in the State of California.

The Trustee may be removed at any time by an instrument in writing executed by or by vote of the holders of seventy-five per cent. in amount of the bonds hereby secured and then outstanding, but no such removal shall be made before any default hereunder shall have occurred without the written consent of the California Corporation, its successors or assigns.

SECTION 4. In case at any time the Trustee or any Trustee hereafter appointed shall resign or be removed or otherwise become incapable of acting, a successor or successors may be selected by the said bondholders' committee, and if said bondholders' committee shall fail for ten days to make such selection, or if the Trustee selected by the bondholders' committee shall fail or re-

fuse so to act, then such Trustee may be appointed by the holders of a majority in amount of the bonds hereby secured and then outstanding, by an instrument or concurrent instruments or counterparts signed by such bondholders or their agents duly authorized, provided, nevertheless, and it is hereby agreed and declared that, in case at any time there shall be a vacancy in the office of Trustee hereunder, not filled by said bondholders' committee as aforesaid, the California Corporation, by an instrument executed by order of its board of directors, may appoint a Trustee to fill such vacancy until a new Trustee shall be appointed by the bondholders as herein authorized. The California Corporation shall thereupon publish notice of such appointment at least once a week for four successive weeks in a newspaper published in the city of New York, in the State of New York, and a newspaper published in the City and County of San Francisco, in the State of California; but any new Trustee so appointed by the California Corporation shall immediately and without further act be superseded by the Trustee appointed in the manner above provided by the holders of the majority in amount of the bonds hereby secured, if so appointed within one year after the first publication of such last-mentioned notice. Every Trustee hereunder shall be a Trust Company in good standing doing business in the State of California, if there be such Trust Company willing, able and qualified to accept the trust upon reasonable and customary terms.

Any new Trustee so appointed hereunder shall execute, acknowledge and deliver to the Trustee last in

office, and also to the California Corporation, an instrument accepting such appointment hereunder, and thereupon such new Trustee, without any further act, deed or conveyance, shall become vested with all the estates, properties, rights, powers and trusts of its predecessor in the trusts hereunder with like effect as if originally named as Trustee herein; but the Trustee ceasing to act shall, nevertheless, on the written demand of the new Trustee, execute and deliver an instrument conveying and transferring to such new Trustee, upon the trusts herein expressed, all the estates, properties, rights, powers and trusts of the Trustee so resigning or removed, and shall duly assign, transfer and deliver all property and moneys held by such Trustee to the new Trustee so appointed in its place.

Should any deed, conveyance or instrument in writing from the California Corporation be required by any new Trustee, for more fully and certainly vesting in and confirming to such new Trustee such estate, rights, powers and trusts, any and all such deeds, conveyances and instruments in writing shall on request be made, executed, acknowledged and delivered by it.

Section 5. The party of the second part accepts the trusts hereby created and agrees to perform the same, and has become a party hereto in order to signify such acceptance and agreement, but only upon the terms and conditions hereinabove set forth.

ARTICLE TWELVE.

SUNDRY PROVISIONS.

SECTION 1. The right is expressly reserved to the California Corporation to make a conveyance and transfer, subject to the continuing lien of this Indenture and to all the provisions thereof, of all the mortgaged and pledged premises and property as an entirety to the Pacific Gas and Electric Company, a Corporation organized and existing under the laws of California, with its principal office and place of business in the City and County of San Francisco; provided, however, that such conveyance and transfer shall not impair the lien and security of this Indenture, or any of the rights or powers of the Trustee, or of the bondholders hereunder, and that, in any such conveyance and transfer, to be executed by both parties thereto, the due and punctual payment of the principal and interest of all of said bonds then outstanding, according to their tenor, and the due and punctual performance and observance of all the covenants and conditions of this Indenture, shall be assumed by the Pacific Gas and Electric Company.

SECTION 2. In case the California Corporation, pursuant to Section 1 of this article, shall convey and transfer subject to this Indenture, all the mortgaged and pledged premises and property as an entirety as aforesaid to the Pacific Gas and Electric Company, such Company shall succeed to, and be substituted for, the California Corporation, party of the first part hereto, with the same effect as if it had been named herein as

party of the first part, and said Pacific Gas and Electric Company thereupon may cause to be signed, and may issue, either in its own name or in the name of California Gas and Electric Corporation, any or all of such bonds which shall not theretofore have been signed by the California Corporation and certified by the Trustee; and upon the order of said Pacific Gas and Electric Company in lieu of the California Corporation, and subject to all the terms, conditions and restrictions herein prescribed, the Trustee may certify and deliver any of such bonds which shall have been previously signed and delivered by the officers of the California Corporation to the Trustee for certification, and any of such bonds which the Pacific Gas and Electric Company shall thereafter cause to be signed and delivered to the said Trustee for that purpose. All the bonds so issued shall in all respects have the same legal rank and security as the bonds theretofore or thereafter issued in accordance with the terms of this Indenture.

Section 3. All the covenants, stipulations, promises and agreements in this Indenture contained, by or in behalf of the California Corporation, shall bind its successors and assigns, whether so expressed or not. For every purpose of this Indenture, including the execution, issue and use of any and all bonds hereby secured, the terms "California Corporation" and "California Gas and Electric Corporation" include and mean not only the party of the first part hereto, but also the Pacific Gas and Electric Company as the successor of the California Corporation. Such successor corporation, which

shall be lawfully vested with the ownership of the property subject to this Indenture, shall possess and from time to time may exercise each and every right and power hereunder of the California Gas and Electric Corporation in its name or otherwise. Any act or proceeding by any provision of this Indenture required to be done or taken by any board or officer of the California Corporation shall and may be done or taken with like force and effect by the like board or officer of Pacific Gas and Electric Company.

Except when otherwise indicated, the words "the Trustee", or any other equivalent term, as used in this Indenture, shall be held and construed to mean the Trustee for the time being hereunder, whether original or successor, and the words, "Trustee," "bond," "bondholder," "holder," shall include the plural as well as the singular number.

SECTION 4. The California Corporation and the Trustee may deem and treat the bearer of any coupon bond hereby secured, which shall not at the time be registered as hereinbefore authorized, and the bearer of any coupon for interest on any such bond, whether such bond shall be registered or not, as the absolute owner of such bond or coupon, as the case may be, for the purpose of receiving payment thereof and for all other purposes; and neither the California Corporation nor the Trustee shall be affected by any notice to the contrary.

The California Corporation and the Trustee may deem and treat the person in whose name any registered bond

without coupons, issued hereunder, shall be registered upon the books of the California Corporation, as hereinbefore provided, as the absolute owner of such bond for the purpose of receiving payment of, or on account of, the principal and interest of such bond, and for all other purposes, and may deem and treat the person in whose name any coupon bond shall be so registered as the absolute owner thereof for the purpose of receiving payment of, or on account of the principal thereof, and for all other purposes except to receive payments of interest represented by outstanding coupons; and all such payments so made to such registered holder, for the time being, or upon his order, shall be valid and effectual to satisfy and discharge the liability upon such bond to the extent of the sum or sums so paid.

SECTION 5. No recourse under or upon any obligation, covenant or agreement of this Indenture, or of any bond or coupon hereby secured, shall be had against any incorporator, or any past, present or future stockholder of the California Corporation, or of any successor corporation, either directly or through the California Corporation, by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or otherwise; or against any officer or director of the California Corporation whenever he may act or have acted as such, by reason of any matter prior to the date hereof, except his own wrongdoing, it being expressly agreed and understood by and between the parties hereto and the holders of all of the bonds secured hereby that this mortgage and the obligations hereby secured are solely

corporate obligations and that no personal liability shall attach to, or be incurred by the incorporators, stockholders, officers or directors of the California Corporation, or of any successor corporation, or any of them, under or by reason of any of the obligations, covenants or agreements contained in this Indenture, or in any of the bonds or coupons hereby secured, or implied therefrom; and that any and all such personal liability of every name and nature, either in common law or in equity, or by statute or constitution, of every such incorporator, stockholder, officer or director, is hereby expressly waived as a condition of, and consideration for the execution and issue of this mortgage and such bonds and coupons.

SECTION 6. The term "outstanding" bonds as used in this Indenture includes all underlying bonds now owned by the California Corporation, or by the South Yuba Water Company, or by any constituent company of the California Corporation, and all bonds now or at any time hereafter held in any sinking fund and which continue to be negotiable whether such bond be in the sinking fund created by this Indenture or any sinking fund created by any mortgage securing underlying bonds.

SECTION 7. In order to facilitate the recording of this Indenture, it may be simultaneously executed in twenty-five or a less number of counterparts, each of which shall be deemed to be an original and such counterparts shall together constitute one and the same instrument.

ARTICLE THIRTEEN.

Nothing in this Indenture expressed or implied is intended or shall be construed to confer upon or to give to any person or corporation other than the parties hereto and the holders of the bonds issued hereunder any right, remedy, or claim under or by reason of this Indenture or any covenant, condition, or stipulation hereof, and all the covenants, stipulations, promises, and agreements in this Indenture contained by or on behalf of the California Corporation shall be for the sole and exclusive benefit of the parties hereto and the holders of the bonds secured hereby.

IN WITNESS WHEREOF, CALIFORNIA GAS AND ELECTRIC CORPORATION, the party of the first part, and, as evidence of the acceptance of the trust, UNION TRUST COMPANY OF SAN FRANCISCO, the party of the second part, have caused these presents to be duly executed by their respective presidents or vice-presidents and by their respective secretaries or assistant secretaries, thereunto duly authorized, and their respective corporate seals to be hereunto affixed, as of the day and year first above written.

CALIFORNIA GAS AND ELECTRIC CORPORATION,
By JOHN A. BRITTON, President.

(Seal of California Gas and Electric Corporation.)

Attest: D. H. FOOTE, Secretary.

UNION TRUST COMPANY OF SAN FRANCISCO,
By I. W. HELLMAN, JR., Vice-President.

(Seal of Union Trust Company of San Francisco.)

Attest: CHAS. J. DEERING, Secretary.

Signed, sealed and delivered on behalf of California Gas and Electric Corporation, in the presence of

R. J. Cantrell.

Signed, sealed and delivered on behalf of Union Trust Company of San Francisco, in the presence of

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State of California,
City and County of San Francisco.—ss.

On this 24th day of January, in the year 1908, before me, R. J. Cantrell, a Notary Public in and for said City and County, residing therein, duly commissioned and sworn, personally appeared John A. Britton and D. H. Foote, known to me to be the President aud Secretary, respectively, of the California Gas and Electric Corporation, one of the corporations described in and that executed the within and annexed instrument, and acknowledged to me that such corporation executed the same.

In witness whereof I have hereunto set my hand and affixed my official seal at my office in the City and County of San Francisco the day and year in this certificate first above written.

(Notarial Seal) R. J. Cantrell,
Notary Public in and for the City and County of San Francisco, State of California.

State of California,
City and County of San Francisco.—ss.

On this 31st day of January, in the year 1908, before me, A. K. Daggett, a Notary Public in and for said City and County, residing therein, duly commissioned and sworn, personally appeared Isaias W. Hellman, Jr., and Charles J. Deering, known to me to be the Vice-President and Secretary, respectively, of the Union Trust Company of San Francisco, one of the corporations described in and that executed the within and annexed instrument, and acknowledged to me that such corporation executed the same.

In witness whereof I have hereunto set my hand and affixed my official seal at my office in the City and County of San Francisco, the day and year in this certificate first above written.

(Notarial Seal) A. K. Daggett,
Notary Public in and for the City and County of San Francisco, State of California.

State of California,
City and County of San Francisco.—ss.

John A. Britton and D. H. Foote, being first duly sworn, each for himself doth depose and say:

That said Britton is the President of the California Gas and Electric Corporation, a corporation duly organized and existing under and by virtue of the laws of the State of California, and said Foote is its Secretary; that

the annexed and preceding mortgage is made in good faith and without any design to hinder, delay or defraud creditors.

JOHN A. BRITTON.
D. H. FOOTE.

Subscribed and sworn to before me this 24th day of January, A. D. 1908.

(Notarial Seal) R. J. CANTRELL,
Notary Public in and for the City and County of San Francisco, State of California.

State of California,
City and County of San Francisco.—ss.

Isaias W. Hellman, Jr., and Charles J. Deering, being first duly sworn, each for himself doth depose and say:

That said Hellman is the Vice-President of the Union Trust Company of San Francisco, a corporation duly organized under and by virtue of the laws of the State of California, and said Deering is its Secretary; that the annexed and preceding mortgage is made in good faith and without any design to hinder, delay or defraud creditors.

I. W. HELLMAN, JR.
CHAS. J. DEERING.

Subscribed and sworn to before me this 31st day of January, A. D. 1908.

(Notarial Seal) A. K. DAGGETT,
Notary Public in and for the City and County of San Francisco, State of California.

RECORDATION.

The foregoing mortgage was recorded January 31, 1908, in Liber 61 of Mortgages at page 27, in the County Recorder's office of the City and County of San Francisco; and on February 3, 1908, in Liber 820 of Mortgages, page 250, in Alameda County; in Liber 50 of Mortgages, page 1, in Butte County; in Liber 53 of Mortgages, page 1, in Contra Costa County; in Liber 34 of Mortgages, page 1, in Colusa County; in Liber 3 of Mortgages, page 220, in El Dorado County; in Liber 201 of Mortgages, page 1, in Fresno County; in Liber 29 of Mortgages, page 98, in Marin County; in Liber 62 of Mortgages, page 228, in Napa County; in Liber 36 of Mortgages, page 1, in Nevada County; in Liber 128 of Mortgages, page 8, of Sacramento County; in Liber 51 of Mortgages, page 255, in San Mateo County; in Liber 147 of Mortgages, page 297, in Santa Cruz County; in Liber 109 of Mortgages, page 1, in Solano County; in Liber 169 of Mortgages, page 21, in Sonoma County; in Liber 20 of Mortgages, page 124, in Tuolumne County; and in Liber 26 of Mortgages, page 1, in Yuba County; on February 4, 1908, in Liber Z of Mortgages, page 269, in Sutter County; on February 6, 1908, in Liber B83 of Mortgages, page 193, in San Joaquin County; and it has also been recorded in the County Recorders' offices of the Counties of Alpine, Amador, Calaveras, Placer, Plumas, Santa Clara, and Yolo. Said instrument has also been recorded as a trust deed and as a mortgage of personal property in the County Recorder's office of each of the counties of California therein and above mentioned.

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(Not a part of the foregoing Mortgage.)

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